What the Ships Carry Between America and China

(Taken from the Daily Returns of the Shanghai Customs from Tuesday, June 15, to Tuesday, June 22, 1920)

S. S. Vinita, from U. S. June 2.

Motor-car	Pcs.	1
Woollen Goods, Unclassed	Yds.	600
Brass Rods	Pls	4
Iron Horseshoes, Old	,,	662
,, Galvanized: Wire	,,	756
Bones, Cow	,,	377
Knitting Clothing, Cotton	,,	2
Socks, Cotton	,,	1
,, , Silk	Catties	65
Hosiery	Doz.	384
Towels. Unclassed	,,	10
Underwear, Unclassed	,,	30
Paints, Unclassed	Galls.	135
Oil, Kerosene, in Cases	,,	715,060

S. S. West Conob, from U.S. June 3.

Iron Angles	Pls.	134
,, Bars	,,	9,641
,, Bar Croppings	,,	1,429
,, Galvanized: Wire	,,	1,348
Tinned Plates, Plain	,,	675
Ammonia	,,	16
Potash, Bichromate of	,,	25
Bleaching Powder	,,	336
Butter	,,	2
Canned Fruits	,,	15
Glue, Cow	,,	38
Grease	,,	38
Paper, Printing, Calendered	,,	754
Iron Cash Box	Pcs.	2,015
Motor-cycles	,,	2
Photographs	,,	27
Oil, Lubricating, Mineral	Galls.	6,601
Glass, Plate, Silvered	Sq.Ft.	4,868
,, ,, unsilvered	,,	5,195

S.S. Tokiwa Maru, from U.S. June 3.

Iron Bars	Pls.	341
,, Bar Ends	,,	878
,, Hoops	,,	648
,, Nails, Wire	,,	750
,, Plates	,,	1,138
Iron Galvanized :		
Sheets, Plain	,,	381
Tinned Plates, Plain	,,	11,971
Cotton, Raw...Bls. 205	,,	748
Glucose	,,	1,839
Tobacco, Leaf	,,	147
Baking Powder	Doz.	75
Rum	Galls.	10,581
Dyes, Aniline..Pkgs. 1	H.K.Tls.	694

S.S. Iconium, from U.S., June 3.

Iron and Steel :		
Bars	Pls.	1,734
Hoops	,,	1,994
Nails. Wire	,,	1,050
Pipe Fittings	,,	5
Plate Cuttings	,,	4,171
Plates	,,	865

June 24 to June 30, 1920.

Tubes	Pls.	2,123
Bolts and Rivets, Old	,,	1,597
Scraps, Old	,,	2,290
Pipe Fittings, Galvanized	,,	109
Tinned Plates, Plain	,,	1,170
Gelatine	,,	2
Macaroni	,,	16
Paper, Wrapping	,,	80
Potassium Products	,,	6
Tobacco, Leaf	,,	265
Barrels, Wood	Pls.	2,556
Bedsteads	,,	20
Typewriters	,,	13
Canned Fish	Doz.	52
Cigarettes	Mille	6,000
Timber :		
Softwood, Ordinary, sawn...Sup. fit.		977,824

S.S. Slavic Prince, from U S. June 3.

Clocks	Pcs.	236
Motor-cars	,,	8
Typewiters	,,	10
Woolen Yarn	Pls.	23
Brass Pipes	,,	18
Iron and Steel :		
Bars	,,	56
Bar Ends	,,	1,140
Forgings	,,	52
Hoop Cuttings	,,	404
Nails, Wire	,,	675
Pipe and Pipe Fittings	,,	349
Plate Cuttings	,,	1,028
Sheets	,,	423
Unclassed, New	,,	10
Scraps	,,	473
Iron & Steel, Galvanized :		
Wire	,,	353
Tinned Plates, Plain	,,	447
Manganese Compound	,,	1
Paper, Cardboard	,,	302
,, , writing	,,	67
,, , waxed	,,	81
Ink, Printing	,,	147
Cigarettes	Mille	150
Glass, Window, Common	Boxes	780
Paint, Enamel	Galls.	204
Paints, Unclassed	,,	180
Shoes	Pairs	447
Dyes, Aniline Pkgs. 75 H. K. Tls.		7,866

S. S. Schodack, from U. S., June 4.

Iron and Steel :		
Plates	Pls.	4,731
Bars and Rods	,,	10,962
Rails	,,	2,598
Wire Rods, Defective	,,	412
Glucose	,,	130
Grease	,,	188
Oil, Unclassed	,,	83
Wax, Paraffin	,,	857
Oil, Transformer	Galls.	2,000
Oil, Engine	,,	21,122

June 24, to June 30, 1920.

Bath-tubs, Enamelled	Pcs.	120
Machinery ...H.K. Tls.		11,035

S. S. Tancred, to San Francisco, June 18.

Tea, Black, Hankow	Pls.	96
,, ,, Kiukiang	,,	71
Intestines	,,	46
Seed, Mustard	,,	48
Carpets	Pcs.	7

S. S. Charlton Hall, to New York, April 21.

Walnuts, Kernels	Pls.	32

S. S. Satsuma, from U. S., June 5.

Bedford Cords, White	Pcs.	152
Drills, White	,,	1,500
Clocks	Pcs.	250
Gramophones	,,	12
Lanterns	,,	10,440
Leather, Artificial	,,	7
Motor-cars	,,	1
Motor-trucks	,,	2
Typewriters	,,	25
Cotton Canvas, for sails	Yds.	9,530
,, Cloth, Unclassed	,,	454
,, Blankets	Pls.	2
,, Counterpanes	,,	4
Aluminium sheets	,,	42
Iron Angles	,,	20
,, sheets	,,	1,066
,, Wire	,,	674
Tinned Plates, Plain	,,	6,212
Bronze Powder	,,	2
Canned Fruits	,,	14
Cobalt, Oxide of	,,	33
Emery Powder	,,	2
Gum, Eesin	,,	183
Indigo Paste, Artificial	,,	176
Ink, Printing	,,	18
Leather, Calf	,,	1
,, Enamelled	,,	2
Packing Rubber	,,	9
Paper, Cigarette, on Bobbins	,,	5
Paper, Glazed Flint	,,	55
,, Unclassed	,,	430
Soap, Laundry	,,	467
,, Stone	,,	81
Sodium, Sulphide of	,,	90
Sugar of Milk	,,	153
Tinfoil and Leadfoil	,,	701
Tobacco, Leaf	,,	2,618
Baking Powder	Doz.	215
Handkerchiefs	,,	1,175
Hosiery	,,	250
Fruits, Preserved	,,	50
Glass, Window, Common	Boxes	60
Cigarettes	Mills	10,640
Dyes, Aniline Pkgs. 10 H. K. Tls.		4,200
Machinery	,,	36,490

June 24 to June 30, 1920.

S. S. Powther Castle, from U. S., June 5.

Jeans, Grey, over 12¾lb	Pcs.	3,000
Baths, Enamelled	,,	18
Motor-cars	,,	3
Typewriters	,,	10
Cotton Duck	Yds.	8,790
Iron and Steel:		
Anvils	Pls.	29
Bars	,,	1,434
Bolts and Nuts	,,	34
Plates	,,	1,235
Wire	,,	936
,, , Shorts	,,	347
,, Old	,,	607
Iron and Steel, Galvanized :		
Bolts and Nuts	,,	33
Tinned Plates, Plain	,,	2,078
Acid, Boracic	,,	33
Glucose	,,	52
Grease, Lubricating	,,	1,733
Paper, Cover	,,	11
,, M. G. Bleached Sulphate	,,	76
,, Printing	,,	21
,, Unclassed	,,	5
Tanning Materials, Quebrache Extract	,,	85
Tobacco Leaf	,,	121
Ultramarine	,,	45
Wax, Paraffin	,,	3,806
Hosiery	Doz.	23
Underwear, Cotton	,,	264
Cigatettes	Mille	160
Cigars	,,	6
Oil Engine	Galls	134,929
Dyes, Aniline Pkgs. 55 H. K.	Tls.	3,982

S. S. Shantung, from U. S., June 12.

Iron Hoops	Pls.	603
,, Nails	,,	15
,, Pipes	,,	58
Cotton Canvas	Yds.	9,092

S. S. West Hixton from U. S. June 7.

Cotton Goods, Unclassed	Yds.	567
Iron Plate Cuttings	Pls.	1,408
Iron Galvanized :		
Wire Shorts	Pls.	599
Stearine	,,	44
Silk and Cotton Velvets	Catties	36
Trunks	Pcs	8
Caps	Doz.	32
Oil, Kerosene, in case	Galls	340,000

S. S. Ecuador, to U. S. June 19.

Honolulu :		
Vegetables, Salted	Pls.	33
Canned Fish	Doz.	262
,, Meats	,,	174
San Francisco :		
Silk Pongees, Shantung	Pls.	38.11
Cotton, Raw Bls. 151	,,	562.87
Egg Albumen Dried	,,	252
Treasure :		
Silver Dollars, Amer. H. K.	Tls.	810,000

June 24 to June 30, 1920.

Foreign Goods :			
Cotton, Raw...Bls. 100..	Pls.		386
Chicago :			
Silk, Raw, Filture Wild, Other Ports	Bls.	10.. ,,	840
New Bedford :			
Silk Waste :			
Shanghai	Bls.	8.. ,,	27,55
New York :			
Silk, Raw, Re-reeled :			
White, other Ports	Bls.	170.. ,,	172.71
Silk, Raw, Steam Filature :			
White, Shanghai	Bls.	101.. ,,	108.91
Silk, Raw, not Re-reeled & not steam Filature :			
White, other Ports	Bls.	15.. ,,	15.18
Silk, Raw, Filature :			
Wild, other Ports	Bls.	245.. ,,	245.61
Philadelphia :			
Silk Waste :			
Other Ports	Bas.	132.. ,,	476.67

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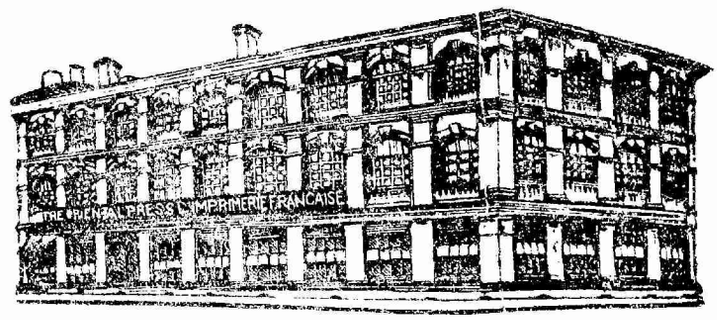

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REVIEW

OF THE FAR EAST

密勒氏評論報

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, MEX. TEN DOLLARS IN ADVANCE, POSTAGE INCLUDED, IN CHINA AND THE FAR EAST. IN THE UNITED STATES AND FOREIGN COUNTRIES, SEVEN DOLLARS AND FIFTY CENTS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND CLASS MATTER IN THE AMERICAN, CHINESE, BRITISH AND JAPANESE POST OFFICES AT SHANGHAI IN MAY, 1917.

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING SHOULD BE ADDRESSED TO THE REVIEW AT 113 AVENUE EDWARD VII, SHANGHAI, CHINA. SINCE THERE IS A U. S. POSTAL AGENCY IN SHANGHAI, AMERICAN DOMESTIC POSTAL CHARGES APPLY BETWEEN THIS PORT AND ALL PARTS OF THE UNITED STATES.

THE present fight in China between the rival military factions, known as the Anfu and the Chihli groups is in reality a fight of the Chinese people against Japanese domination of the country. The Anfu group of militarists has been in power for the last three or four years and they have been kept there by Japanese loans and in return for these loans much of China's natural resources have been bartered to Japan. In the opposing or Chihli group of militarists are many officials who have also been closely affiliated with the Japanese conquest, but their opposition to Anfu has served to provide a rallying center for all elements that desire to remove the Japanese yoke from the Republic of China. Chang Tso-lin, military governor of Manchuria, one of the chief Chihli party leaders has been notorious for his dealings with the Japanese in Manchuria and is tied up with the Japanese in any number of industries and enterprises. The Sino-Japanese Military Agreement, much of which is still secret, and which was made to provide defence measures against Bolshevik aggressions in the north, is touching Chang Tso-lin more than any other Chinese official because of his location in Manchuria near the Siberian border. The movement started by President Hsu Shi-chang to cancel the Sino-Japanese Military Compact since the need for cooperative enterprise in Siberia no longer exists, is undoubtedly an essential factor in the present struggle for the elimination of the Anfu faction. Proof of this exists in the fact that General Tuan Chi-jui, leader of the Anfu party, is using the border defense troops, organized with Japanese money for purely Siberian enterprise, to fight the Chihli faction. Further proof of Chang Tso-lin's growing alarm at Japanese enterprise is shown in recent Japanese controlled press suggestions that China should

acknowledge Japanese possession of Manchuria and move toward the settlement of a boundary. It has also been reported upon pretty good authority that the Japanese have already violated the Consortium Banking Agreement entered into by America, Japan, Great Britain and France for cooperative constructive financial enterprise in China by lending the Anfu Faction in the last few days a sum of money estimated from six to ten millions of dollars. There is no question but that Japan with the possible assistance of the Italians, has violated the gentleman's agreement entered into by the Powers to place an arms embargo upon the supply of munitions of war to China pending a settlement of the internal China trouble. Japan is now in the position of the usurer who desires to foreclose on his victim's property, but fears to do so because of adverse public opinion of friends of the victim. It is impossible to forecast the result of the present fight, except that regardless of the outcome, Japanese control of China will be weakened. Every day of fighting and intrigue serves merely to educate more people to their country's peril. The cutting of railroads and demoralization of commerce by movements of troops will finally stir the Chinese commercial classes to action and when that comes the whole Japanese-constructed military fabric in China may collapse overnight.

ELSEWHERE in this issue of the *Review* is a reference to a large amount of opium which was found on the Canadian Pacific Ocean Services steamer *Empress of Russia* when the ship landed at Manila. Our correspondent's statement that there was approximately $100,000 worth of the drug secreted on the ship and intended for smuggling into the Philippine Islands is probably correct. The American and Philippine authorities for years have rigorously barred opium from the islands and scarcity of the drug naturally places a premium upon smuggling. No one questions but that there is in existence on the China coast, a powerful gang of opium smugglers who use every known and unknown method for getting the drug into forbidden territory. The fact that the China Maritime Customs in 1919 was able to seize and confiscate 48,375 pounds or 21 3-5 tons of the drug gives some little hint of the probable quantities that were not seized and which did get into China. This whole matter finally comes back to the production of opium in India under the direct protection of Great Britain. Just so long as Great Britain permits the production of opium under official license in India, every other country in the world will have to continue the fight against smuggled opium. It is gratifying to note that at last public opinion in England is becoming aroused to this menace to the rest of the world that Great Britain not only permits but fosters in one of her colonial possessions. The following comment from the *Manchester Guardian* for May 28, indicates the trend of feeling in England on this subject:

> The attack which is now being made in America upon England for maintaining what is called 'Britain's opium monopoly' has led the India Office to publish a complete statement showing the quantity and value of opium grown in and exported from the Indian Empire from 1913-14 to 1918-19. It is not very pleasant to read, upon the authority of Mr. Montagu, that the cultivation of the poppy has grown from 144,561 acres in 1914 to 204,186 acres in 1916-17 (the latest figures available). The export values have increased enormously, but this appears to be due more to the prices obtained for opium than to an increased volume of export. At the same time the government admits that during 1918-19 the export had increased from 8,710 chests in 1916 to 10,467 in 1919. The statement goes to confirm one of the principal contentions of our American critics—namely, that although Great Britain does not ship direct to China, Anglo-French friendship permits us to pass the drug through French territory. I observe that out of the total export of 10,467 chests from India 5,190 chests were in 1919 sent to Indo-China and Siam, whilst over 2,400 chests were shipped to the island of Java. These cannot have been medical supplies. In one other respect the return gives colour at least to another American contention—that we are enabled by our friendship with Japan to pass the drug through Japanese ports. Chests of opium shipped to Japanese ports from India have nearly trebled—namely, from 799 chests in 1914 to 1,936 chests in 1919.

THE attitude of the American toward the League of Nations usually takes the form of a question. He reads the reports of approval of the League and of disapproval as they come from the conventions of the Democratic and the Republican parties. He hears the League discussed and argued about always as if it were still an open question. He is likely to overlook the fact that the work of the League is proceeding. The League was officially inaugurated on January tenth of this year. The council of the League has met four times and it is reported that there will be a general meeting of the whole assembly with three representatives from each member state, in September. Mr. T. F. Millard recently left Shanghai and he hopes to be present at this general meeting. China is understood to have appointed her representatives

and it may be guessed that they are preparing to bring up at least one important matter. The work that has been done by the various bureaus and commissions of the League is not small. There has been established an International Health Office. There has been a committee at work on a plan for a permanent world court. On this committee of twelve Elihu Root is serving. The League has carried on active administrative work in the Saar Valley and another commission, under Sir Reginald Tower, has been in charge of the free city of Danzig. The total budget of the first year is about two and a half million dollars and about half of this has already been paid in. Of particular interest, because of certain exceptions in the case of Eastern nations, is the report of the International Labor Conference that met in Washington during the last months of the year 1919. This report is in the form of conventions and recommendations covering a variety of subjects: the eight hour day, women in industry, night work for women and young persons, child labor, and unemployment. A study of the recommendations shows that not all of the nations are dealt with on a basis of equality. For instance, Article 11 of the first convention, limiting the hours of labor of forty-eight in the week, reads as follows: "The provisions of this Convention shall not apply to China, Persia and Siam ...". Many of the conventions, such as this on the forty-eight hour week, the one fixing the minimum age for admission of children to industrial employment at fourteen years, the one concerning the night work of young persons, include articles that make exceptions in the cases of Japan and India as well. It would seem from this that Japan, India, China, Persia and Siam are lacking in the qualifications for full and responsible membership in a body that undertakes to regulate conditions of employment throughout the world. These exceptions may seem to the superficial to be favorable to these Eastern countries, freeing them from vexatious and troublesome regulation. Exceptions of this kind are rather evidence of inefficient and disorganized labor. They point to a lack of factories and of the whole industrial equipment that is necessary for the carrying on of modern industry. They point to legal or administrative inability or unwillingness to look to the health and general welfare of the laborer. They are a sign that the nations so exempted from the operation of the recommendations are unable for one reason or another to meet efficiently the exacting standards of modern organized industry. These labor conventions and recommendations are but one of the evidences of the activity of the League of Nations. Its proceedings are well worth consideration. Especially the Chinese and the residents of Shanghai will do well, as has been pointed out, to study the work of the League for various important decisions will show early results in China and in Shanghai. The American must not forget that the League is at work. It is America's participation in the League, and not the League itself, that is to be carried before the voters of the United States in November.

THE *Review* prints this week as a supplement, a chapter from a new book now being written on the Eastern situation by Mr. Thomas F. Millard, former publisher of the *China Press* and also of this journal. The title of the chapter is "China's Case at the Peace Conference," and the reason for its publication out here is chiefly due to the fact that China is preparing to refer the Shantung Question to the first meeting of the League of Nations this fall. The material which consists largely of the important documents and treaties concerned with the Shantung Settlement, was compiled in association with a number of prominent Chinese, by Mr. Millard, while on his recent visit to this country. Of chief interest to Americans in this part of the world are the copies of the stenographic reports of the various hearings on the Shantung Question and also on the Lansing-Ishii Agreement which were held by the Foreign Relations Committee of the U. S. Senate. As an appendix appears the recent communication of the British Chambers of Commerce in China on this question and also a memorandum on the same subject prepared by the American Chamber of Commerce of China several months ago. Since much of this material is of permanent historical value, there will be a large demand for extra copies for filing purposes. For this reason, persons desiring extra copies are urged to place their orders at once.

Stabbing American Business in the Back!

THE *Far Eastern Review* for July advises American merchants to conduct their business in China by cooperation with Japanese merchants or through Japanese agencies. This means that American merchants now in China should pack up and go home in order that their places may be taken by Japanese merchants. To put the meaning practically, the manager of the Standard Oil Company shall vacate its directorship in order that it may pass under the directorship of a Japanese. And there is the Dollar Company to be reformed and Captain Dollar will be expected to direct his son and manager at Shanghai to return to America and to fill his place with a manager from Japan. There is also the firm of Andersen, Meyer and Company which is doing so much to introduce American machinery into China, and which, ac-

cording to the policy of the *Far Eastern Review*, would have to turn over its business to Japanese management. A few only of American firms have been named at random, but there are others that would be affected, and the surprise is that any such advice should ever have eminated from what has heretofore been received as an American periodical devoted to the promotion of American interests in the Far East. Is it possible that a periodical of that nationality can really be in earnest in advocating that Americans in China vacate their business houses, put Japanese in them, and for the reason that these special favorites of the *Far Eastern Review* are more likely to foster and enlarge American commerce in this part of the world? But there is no evidence in this part of the world that the Japanese were ever possessed of the intention of fostering or enlarging any interest except their own; and no one who knows anything about Japanese character or who is not blinded by obligations to them, can force himself to reasonably believe that they are unselfish. And not only are Americans practically advised to entrust the management of their business in China to Japanese and return home, but there is an implied threat that if they refuse to follow the advice the Japanese may do something very disturbing to business in England and the United States, as if current events did not show that Japan would do well to manage her own affairs and get herself out of a very serious distrubance through which she is at present passing. The threat is conveyed in the reminder that Japan has $600,000,000 deposited in the banks of England and the United States and which may be withdrawn if she cannot form a cooperation of some kind that will give her the lead in all foreign commercial matters pertaining to China especially. It is too well known to render necessary a statement, that the sum mentioned if so deposited would be promptly paid by the banks of the two foreign nations named whenever Japan sends over her checks and without the slightest disturbance. England and the United States are billion dollar nations and the even tenor of their business ways would in no sense be changed by any act of Japan. The idea which the *Far Eastern Review* labors to impress appears as very much calculated to impress in its whole bearing as to be wholly without a sentiment of patriotism to command it to a patient consideration. It is believed to be an idea that patriotic Americans will repudiate as an undeserved reflection upon their competency to attend to their own business affairs. The trading capacity of the American merchant is seen in the value of the foreign trade of his country. Last year it was valued at $12,000,000,000, and the statistical reports show that there has been no falling off. With such a trade why should the American merchant be published as incompetent and needing a guardian? It is inconsistent for the owner of an American periodical to appear on one of its pages in the uniform of an American officer, worn as an attache at the legation or a consulate in Spain, and in the same periodical disparage any class of his countrymen. If Mr. G. Bronson Rea wants to give his periodical to the advancement of Japanese interests there will hardly be an objection though it is not easily understood why the disparagement of American capacity is thought to be necessary to advance Japan. If Japan wants to sail the Pacific Ocean and trade in China there will be no effort made to defeat a fair rivalry though Japan must not aspire to dominate the sea and the land to the exclusion of other nations having as much right on the one and in the other as Japan can claim in respect of international requirements. The intimation of the probability of a war between the United States and Japan is hardly admissible from a sensible view point. If there should be a war between these two nations no military chieftain with an ordinary level head could doubt how it would end. Although Japan is written in history as the victor in the Russian war it is no secret that her resources were nearly exhausted ere peace was declared, and that peace was perhaps more desired by Japan than by Russia. And there has been no failure so apparent as the attempt of Japan to finance China and monopolize the resources of this old and immense country. The business policy of Japan as pursued in China has been irritating instead of conciliatory and consequently has estranged the Chinese. This unwise and, it may be said, senseless policy is evidenced by the present condition of Japanese merchants in China, and the outlook for these merchants will not grow brighter so long as the belief generally prevails that the present warring factions are encouraged and aided to disturb the public peace by the distribution of the money of the government of Japan either directly or indirectly. The Chinese militarists whether North or South could not have carried on their operations without money, and this essential in all wars has been supplied not to bring about peace but to perpetuate strife. And who supplied the money is plainly answered by an examination of the loans made to China within recent years. Nearly all the loans were made by Japan.

THERE are now more than 300 American firms established in China and the paid up capital of these companies probably exceeds the total annual governmental income of the Japanese Empire. Many of these firms have had close relations with the foreign trade of China for a great many years and the experience has been profitable. More than 100 of these firms are

members of the American Chamber of Commerce at Shanghai and others in different parts of China belong to similar trade organizations in the various ports. The American merchant marine and American foreign banking was organized largely for the purpose of getting American trade into the hands of the American people. The National Foreign Trade Council, the largest aggregation of American capital specifically interested in advancing American trade and interests abroad, met in San Francisco this year for the very purpose of making a close study of the problems affecting the development of America's trade with Asia. If you want to make the average American manufacturer good and mad, just ask him what happened to his foreign trade in South America and other parts of the world that was in the hands of the Germans when the war came on. It stopped overnight. To suggest to him that he should now turn over his trade in China to the Japanese, is but adding insult to injury, and the man who makes this suggestion is going to be forced to show his motives in no uncertain manner. This sinister doctrine strikes at the very foundation of American trade and interests in the Pacific. Yes, it would be fine for the American manufacturer to withdraw his sales force from Asia and content himself with merely the manufacturing, permitting the sales and promotion to be handled by the Japanese, and as I write this paragraph, I have before me some dozens of American products that have been cleverly imitated by the Japanese in China in spite of the fact that the manufacturer has a wide-awake agent right in the field. If he didn't have anybody here to watch his interests, he would soon be in a fine position. He would be in exactly the same position of the manufacturer at home who entrusts his entire selling to a wholesaler and then suddenly wakes up to find the wholesaler putting out a competitive article. There is a very strong American Chamber of Commerce in London composed of American merchants who sell American goods in England. In spite of the very close business relationship of America and England, the American manufacturer has found it advantageous to be represented in England. The same applies to British business in America, where thousands of British business firms are represented permanently. If American goods are to be sold and promoted in China, or anywhere else the American manufacturer either directly or though American selling agents, has got to do that selling and promoting. In the future as the trade relations of China and America grow, Chinese merchants will establish their branches in the United States and assist in cementing the trade relations of the two countries. The Japanese middlemen may compete in this trade with both the Chinese and the American merchants, but to suggest that China and America should both withdraw and turn the business over to the Japanese is just about as sensible and will get about as much of a hearing as to suggest that the American missionaries in China should withdraw and permit the Japanese to take over the spread of Christianity in Asia.

Wusih-A City of Prosperous Industries and no Soldiers

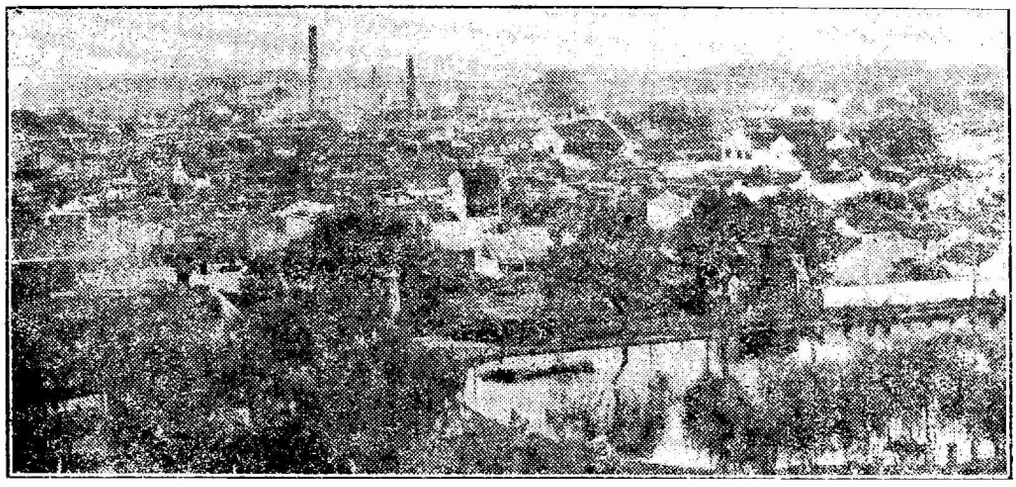
The guardians of Wusih's 170,000 volumn library.

IN this present Chinese world of rattling swords and military chaos, it is gratifying to know of one city of industrial development and peaceful pursuits where there are no soldiers and where the Chinese business man, manufacturer and banker has come into his own and really runs the place without interference from officialdom, military or otherwise.

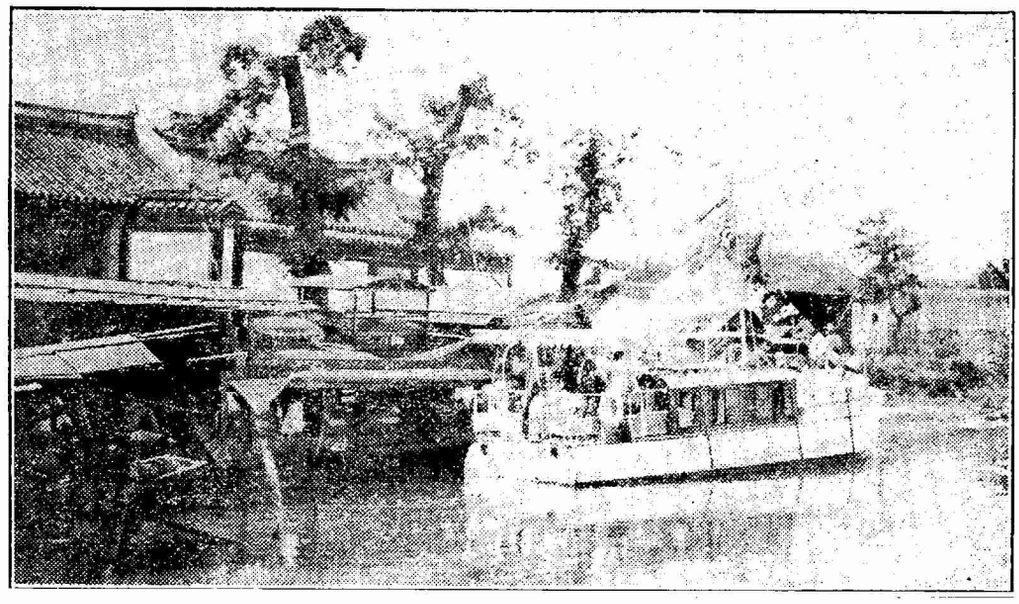
That city is Wusih, the industrial metropolis, excepting Shanghai, of course, of Kiangsu Province, a modern example of Chinese industrial development and a place of some five or six hundred thousand population. A few weeks ago we told in these columns about the city of Nantungchow, the "Model City of China." Now we intend to tell about Wusih, the Industrial City of China, and if this article arouses one half the attention that the previous article received, we shall be happy, for these two important cities in the Shanghai trade territory are the most eloquent demonstrations of what the Chinese people can do for themselves if given half a chance—and when not harassed by foreign or internal interference. Incidentally there are no Japanese in this place either; they do come up the canal in the silk-cocoon buying season, but they don't stay. Some foreigners have said that Wusih is "anti-foreign." This is a mistake, for there is no place in the world where the right-minded and right-acting foreigner, especially the European or American will find a more hearty welcome and reception.

(*Continued on Page 375*)

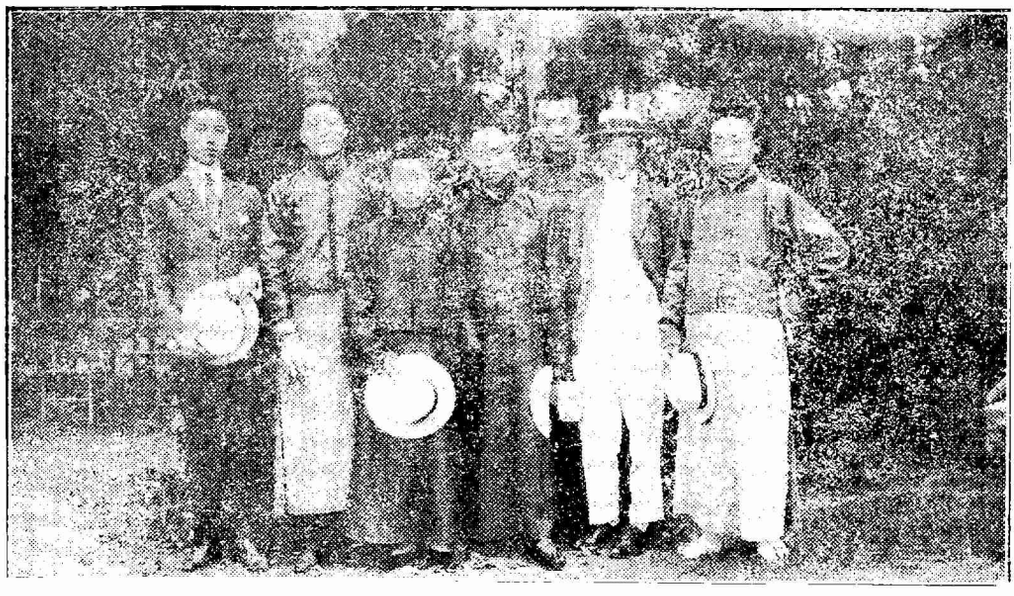
Wusih—Industrial Center of Kiangsu



Sixteen factory smoke-stacks may be counted from the roof of the library



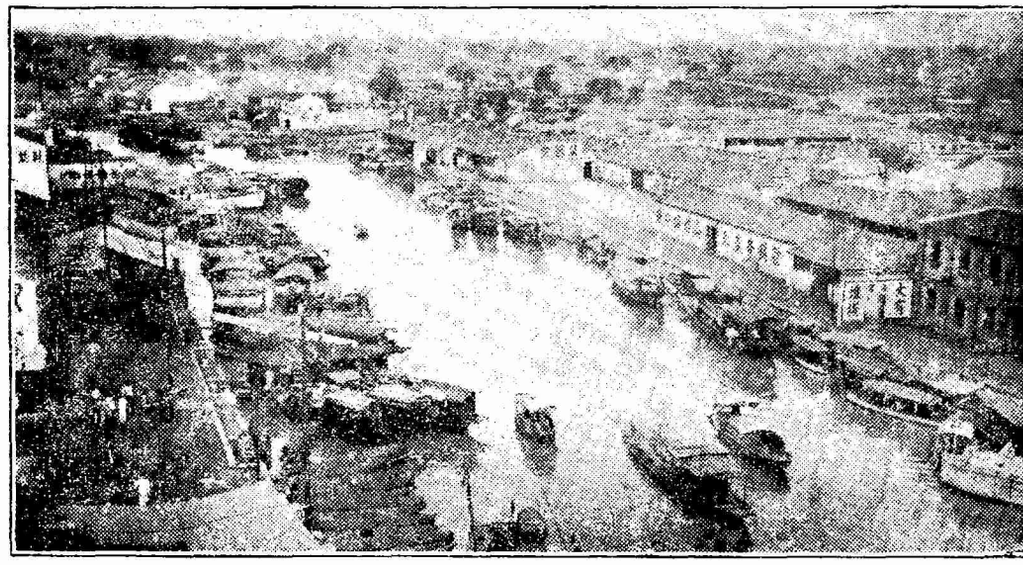
The Mermaid—there are many palatial motor boats at Wusih



A group of returned students who are doing big things at Wusih Mr. Wang Kan-sing, president of the Chamber of Commerce, is in the center

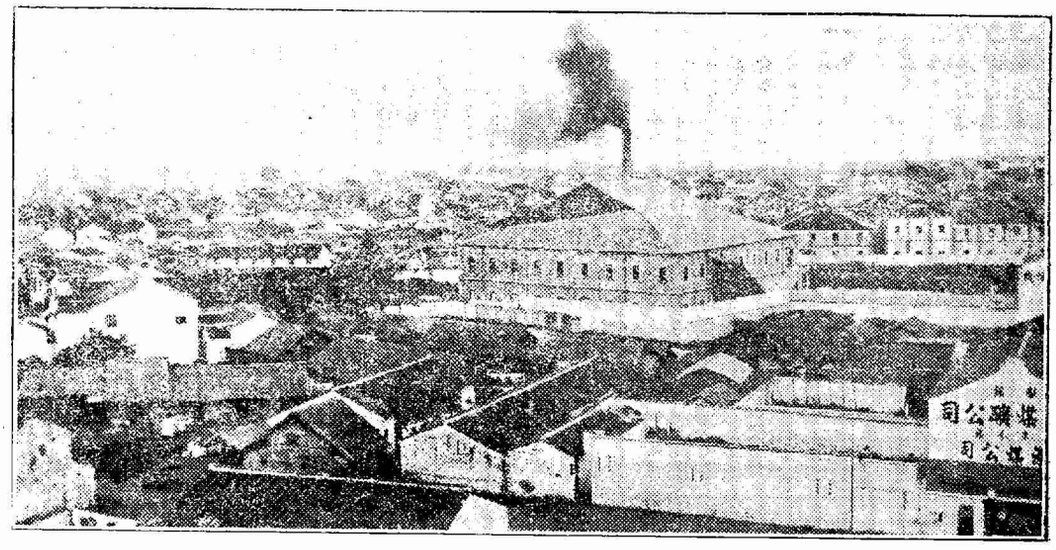
Views of Industrial Wusih, Kiangsu Province

The busy canal—canals take the place of roads in industrial Wusih.



The American visitors and their Chinese hosts were properly photographed, of course

The many modern style buildings and factories are a revelation to the person who thinks all of China is in Shanghai



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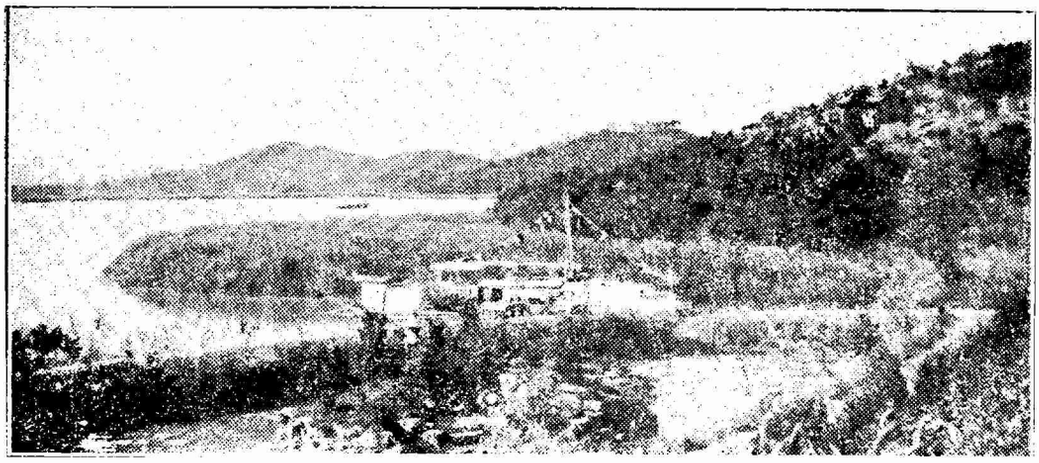
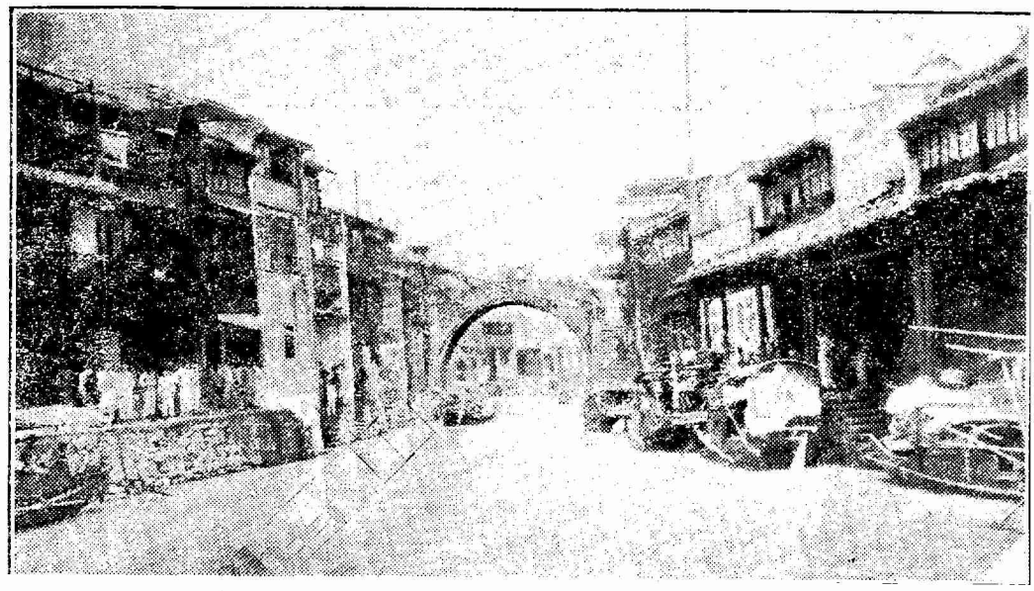
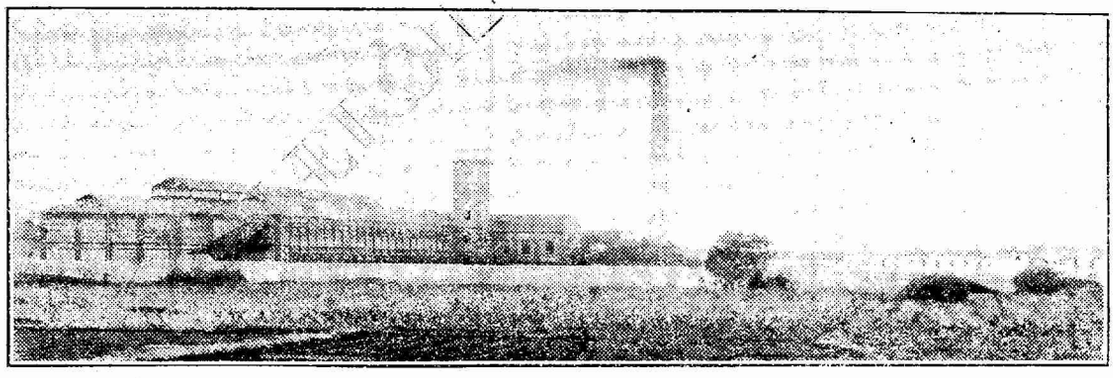


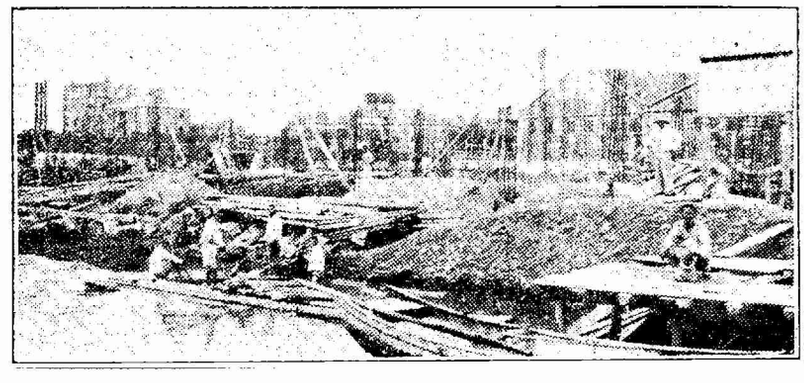
A glimpse of Tai-Ho Lake, near Wusih



One of those delightful canal and bridge scenes to be found only in China



The Kwang Ching Weaving and Spinning Mill — a thoroughly modern enterprise



This new cotton mill will have both American and British machinery

Continued from Page 171.

The city of Wusih is about three hours from Shanghai on the Shanghai-Nanking Railway and in addition to its other features. is a wonderful example of what a modern railway can do for a Chinese city—and this in spite of the fact that there are so many canals at Wusih that the place has been called the "Venice of China." Probably the first things that attract the visitor to Wusih are the smokestacks of the various factories. These are visible from the train and canal boat, and the foreign visitor who is interested in assisting in the industrial development of China, will have a glad heart for he can actually count sixteen factory chimneys from the tower on the roof of the city library. This industrial metropolis is about sixty miles from Shanghai and is about midway between Shanghai and Nanking. It is under the political jurisdiction of Governor Li Shun at Nanking, but for reasons hinted above he doesn't bother Wusih and Wusih doesn't bother him. There probably are some local officials in Wusih, but the visitor is unaware of their presence. You do learn, however, of a modern chamber of commerce that has its own building, has more than 200 members and has a history of accomplishment of some fifteen years.

Some of the leading industries of the city are as follows:

14 modern steam silk filiatures that produce the beautiful skeins of China Silk so popular in America and Europe.

11 modern mechanical rice mills.

5 large flour mills with machinery just like that to be seen in Minneapolis and Duluth.

3 large cotton textile mills using English machinery that produce much of the yarn consumed in the Yangtsze Valley.

2 cotton seed and bean oil mills.

1 modern electric light and power plant.

1 modern telephone system with 600 branch phones.

1 Modern brewery. This brewery is not yet in operation, but the equipment is all on the ground. Yes! It's the famous American brewery that raised the storm in China missionary circles a year ago. The equipment was bought in America and brought to China by a Chinese merchant.

4 Modern style banks. Bank of China, Bank of Communications. Shanghai Commercial and Savings Bank and the Kiangsu Bank. In addition there are approximately 30 native style banks.

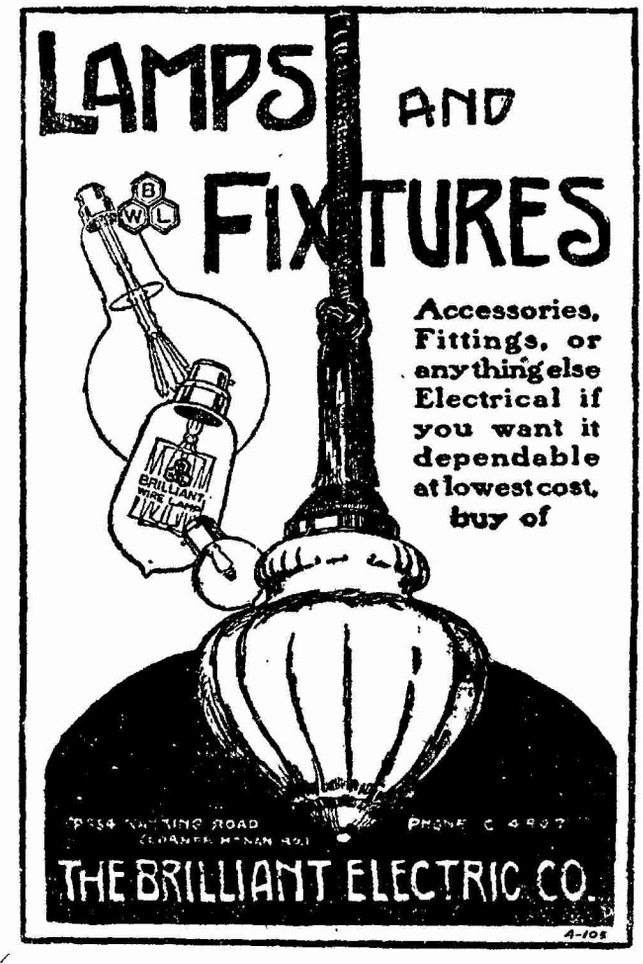
A few miles of modern paved roads which are being extended and probably more than 150 miles of modern canals that are so congested with traffic that the visitor often has difficulty in getting through.

One new cotton mill is under construction, the machinery for which is to be half American and half British and in addition two more large cotton spinning and weaving mills are on order and awaiting machinery.

There is a genuine desire for more modern roads and a very great desire for more manufacturing enterprises—the desire being so positive that any man with a constructive idea can get a hearing if he will go about the matter properly and with the idea of assisting rather than trying to put over something not to the best interests of China.

There are extensive brick and roof tile manufacturing plants. Wusih brick and tile are said to be harder than many of the other varieties made in this section of China.

Most of the native river and canal boats used on the canals of this section of China are manufactured in Wusih.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Another extensive industry is the godown or storage business which dates back to earliest times when Wusih was a government depot for the storage of tribute rice. In olden days taxes were paid in rice and the collection point was Wusih for this entire district. Since the construction of the Shanghai-Nanking Railway, this business has been improved and extended until Wusih probably ranks next to Shanghai as a godown center. The agent of the railroad who has charge of the storage godowns is a "very important man" to use the words of one of the members of the Chamber of Commerce.

An interesting and curious industry of the district is the manufacture of clay images, the industry being highly developed as to both modeling and decoration. The images are of the miniature variety and represent every thing under the sun from the human figure to beasts and trees of the fields. These images are to be found in Chinese homes all over the land and the income from the industry is said to amount to nearly $100,000 annually.

The principal agricultural product of the district are silk cocoons, the industry keeping almost the entire population busy at certain periods of the year. The silk produced is noted for its strength and sheen and many of the "chops" are well known in the New York and European markets. Other agricultural products are wheat and rice. The wheat is still threshed in the primitive flail method of biblical times, but the method of preparing rice for market is more advanced. It is a common saying of the district that the farmers obtain their living from their wheat and rice and that the silk crop is extra or "velvet." The high price of silk in the last few years has brought much wealth to the district. Farm land ranges in value from $100 to $3,000 an acre depending upon nearness to city and availability for agricultural purposes. Hill or moun-

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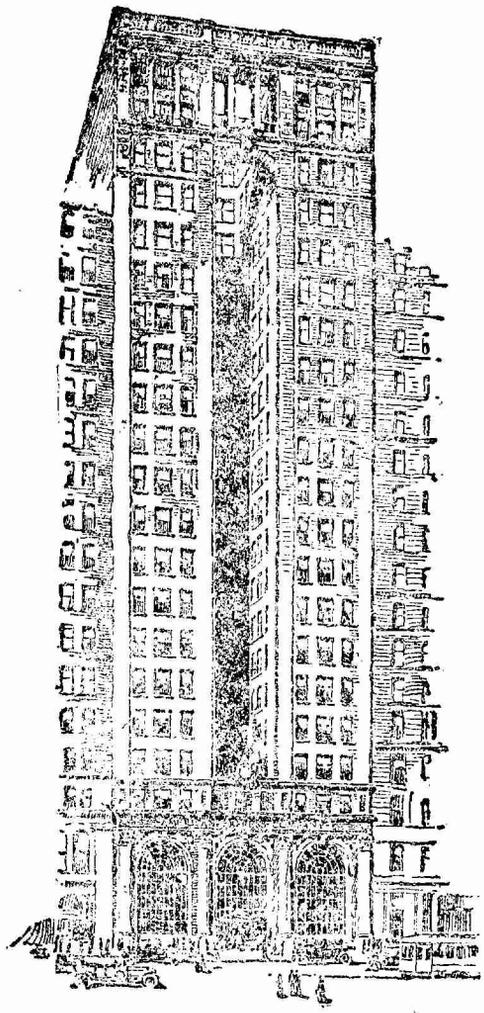

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tainous land unsuited for farming is used for burial purposes, there being tens of thousands of family burial grounds and private shrines on the nearby mountains, but more about them later on. About 30% of the farmers own their own farms.

A modern road of about six miles in length with a modern bridge connects the business section of the city with the railroad. In addition to this road, modern roads for use of rickshas have been built out through the factory districts and to the nearby lake. It is unfortunate that the latter road has not been constructed wide enough for the use of motor cars, for they surely will come in a short time. The need for roads has not been pressing because of the fine network of canals which lead everywhere and which have been kept in excellent repair since earliest times. Many of the canals have walled sides and the ancient masonry work especially at the high arched bridges excites the admiration of the visitor. The genius of a people that designed and executed this fine system of canals is certain to make its mark yet in China when the country finally obtains an orderly government and arrives at its proper industrial stride.

The inspiration for modern education as well as for industrial development has come to Wusih. There are 120 primary schools, 4 middle schools, 1 high school, 1 technical textile school, and 1 sericulture experiment station. The public library in the center of a beautiful park has 170,000 volumes and they have all been accumulated since the revolution. The library was formerly a temple—certainly a good use for a temple, while nearby another temple has been converted into a hospital. Adjoining the library is an institution, the like of which exists no where else in China to the writer's knowledge: That is a public lecture hall, where meetings are held three times a week. The attendance averages 200 and the lectures cover public health, sanitation, education and similar subjects. The school attendance is about 17,000, about 20% of the number being girls. There are also several mission schools and one called the St. John's school that is run by graduates of St. John's University of Shanghai.

It is impossible to give a detailed description of the various factories in the space available. Probably the most modern cotton spinning mill is electrically operated and the electrical equipment contains the trademark "A. G. E." or I think that is the combination that stands for the great before-the-war German electrical enterprise. This is the only cotton mill in China outside of the new American equipped mills at Shanghai that the writer has seen that has individual motors connected directly to the spinning frames, thus eliminating the forest of overhead shafting and belting, so general in older-style mill construction. It is a curious paradox that in spite of the past five years of life and death struggle between England and Germany that these German motors have been peacefully operating English spindles in a Chinese cotton mill at Wusih and the manager reported little friction in the combination at that. There are said to be approximately 20,000 employes in the various factories, most of them being women, especially in the silk-filatures. The wage runs from 15 cents for beginners to 45 cents a day for the older employes.

Most of the Chinese business men who have developed the various industries of Wusih are well known in Shanghai and have local branch offices here similar to Chang Chien the industrial leader at Nantungchow. The chief leaders at Wusih are as follows: Yang Han Hsi, managing director and part owner of the Kwang-Chen cotton mill and chief promoter of the electric light and power plant; Yung Ta-sun, owner and general manager of a series of 14

NANTUNGCHOW

"The Model City of China"

Located on the north bank of the Great Yangtsze River, 100 miles from Shanghai in the heart of the fertile Yangtsze River valley.

Population of city
150,000

Population of district
1,500,000

Some of the outstanding features of Nantungchow and the Nantungchow district are:

1—Center of the great "Tungchow" cotton district, the best grade of cotton in China. Production more than 1,000,000 bales annually.

2—More than fifty miles of modern roads, much of which is now being rock-surfaced.

3—Cotton and Sericulture Experiment stations and schools of instruction.

4—Modern agricultural college with 126 students who do practical work under supervision of foreign-trained teachers.

5—334 separate schools with more than 20,000 students.

6—Two modern cotton mills with 60,000 spindles, 500 looms and 3,000 operators.

7—Modern cotton-seed oil mill which provides a surplus for export.

8—Five modern banks and eight native style banks.

9—One match factory, one flour mill, one silk filature, one iron foundry, one electric light plant and a direct steamer line to Shanghai and other points.

10—Modern office building in Shanghai with modern banking facilities.

11—Maintains the "Nantoon" Chinese embroidery, lace and needlework shop Fifth Avenue, New York City.

New enterprises for the district include hundreds of miles of new roads, the total expenditure for this purpose being in excess of $300,000; seven new cotton mills; new electric light and power plant; coal mine development to supply the industries of the district; an extensive reclamation project to reclaim thousands of acres of land from the overflow of the Yangtsze River.

Visitors are always welcome at Nantungchow. There are two comfortable hotels. Lang-shan Mountain, one of the five sacred mountains in the district, is a beauty spot almost impossible of description. There are hundreds of interesting temples and shrines and a beautiful pagoda gives a view of the district unexcelled in the Orient. Persons desiring further information regarding Nantungchow or the Nantungchow district are requested to address—

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flour mills and promoter of new cotton mills in both Wusih and Shanghai; Yung Ao-sun, nephew and chief assistant of the flour mill magnate; Yun Ju-Hsiang, owner of the Chia-sung cotton mill, the largest at Wusih at present; Hsi Nan-nung, wealthy silk merchant and owner of large interests in Kiangsu Province and in Shanghai and influential politically; Tang Pao-chun, Tsai Chun-san and Hsu Chin-san, all wealthy silk and flour manufacturers; Wang Kan-sing, president of the Chamber of Commerce and former silk merchant; Hua Yi-san, former president of the Chamber of Commerce and now an influential banker. In connection with the industrial development should also be mentioned a number of returned students who are connected with the various factories in technical capacities and also in the other business interests of the city. Among the returned-student leaders are C. Y. Chiu, interested in flour mills and promoter of new enterprises; Woo Zu-yung, bank manager; Sze Woo-Pao, engineer; Wu Sze-Mei, owner of the local Wusih newspaper and the largest printing establishment in the city.

As mentioned in the foregoing, much of the prosperity of this industrial center is due to its location on the Shanghai-Nanking Railway and to the fact that it is closely connected by canal with the near-by Yangtsze River. The Grand Canal is on the west connecting the city with Zangchow and Chekiang. And then there is Tai Ho Lake which puts the city in connection with Wuchow and Kashing. Tai Ho Lake could well occupy an article by itself. It is a large body of fresh water, most of it perfectly clear and surrounded by mountains and low rounded hills. To see Tai Ho Lake in the evening of a clear day at sunset is a privilege that every citizen of Shanghai who owns a motor boat or house boat, or who can borrow a friend's boat, should avail himself of. The scenery is truly wonderful and as it opens to the eye as your boat enters from the canal—involuntarily it causes a hush and silent contemplation. The mountains, some of which must reach to nearly a thousand feet, are rounded and covered with vegetation and shrubbery. Some are covered with evergreens and the occasional temple that shows through the green provides those occasional exquisite scenes that give the foreigner a little hint into the deep Chinese appreciation of the symmetry and beauty of nature and that makes the foreigner feel small and inconsequential. Many of the wealthy citizens of Wusih have summer homes and gardens on the various islands and spend a great deal of time there in the warm season. And then there are the "flower boats," those little floating gilded palaces upon which Mr. Wealthy Chinese Merchant floats about the lake in the moonlight, surrounded by his favorite sing-song girls, each softly playing her two stringed fiddle. We can't go into a description of this—it is not for the mere foreign observer to know about—he hasn't the power of appreciation or the background. Needless to say, Wusih takes its prosperity mildly and comfortably and sanely and happily. A day in the mill and the evening amidst the charms of Tai Ho Lake! If that isn't a near approach to paradise in this military-governor bedamned land, then such a place doesn't exist anywhere in Asia!

J. B. P.

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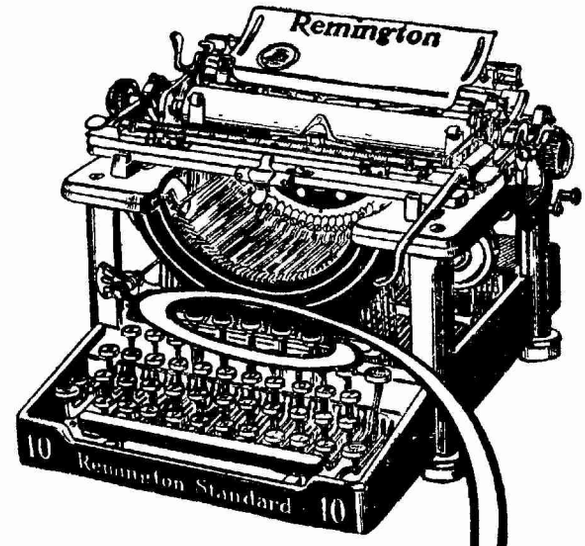

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The Business Depression in Japan

BY GROVER CLARK

THE enormous business development of Japan during the war has been as the rising of a sinister sun to China, for it has meant the accumulation of reserves of capital that were available for business penetration or government or private loan in this country. And the Japanese have freely used the accumulated reserve in this way. The story behind the loans that Japanese have made to China in the last few years is a long and often sordid story, of China's dire financial need, official corruption and Japanese aggression.

But, beginning in March of this year, a reaction has come in Japan; a reaction which has not yet reached its climax but which already has involved such losses at home that Japan's ability to make large loans to China is sure to be affected. One is lead to presume that the realization of this was no small factor in persuading Japan's financiers to enter the Consortium without insisting on any of the special privileges they had originally demanded.

Not only will this depression benefit China in releasing her from Japanese financial aggression, but it also will mean, for the present at least, the partial elimination of Japan from world trade and hence increased opportunities for China abroad. It also will mean that Japan will be compelled, by reason of her own business disorganization, to step more to one side of the road that leads through the Open Door.

It is too early to predict the final outcome of the depression. But already it has resulted in grave economic disorganzation in Japan. The effects also are being felt in the labor field, and will be increasingly felt in Japan's politics, domestic as well as foreign. Affairs have been moving rapidly in Japan toward a considerable change in her social and political organization; a change which will have far-reaching consequences for China.

The present business slump in Japan is the logical reaction from the enormous and unhealthy inflation of her industry, particularly of her foreign trade, during the war. So far this depression has had little or no effect on the foreign credit of Japan, nor on her domestic politics. Whether the slump will go so far as to lower the yen in foreign exchange will depend on the success of the large financial interests and the government in protecting foreign creditors from loss by reason of the failure of smaller concerns. The large interests—the Mitsuis, the Mitsubishis, the Matsukatas, the Okuras—and the government, through the Bank of Japan and the Yokohama Specie Bank, are making every effort in this direction because they realize that a serious falling off in Japan's international credit at this time would mean a complete break-down of the commercial organization at home. Such a break-down would mean further depreciation of the yen, and this in turn further domestic difficulties—a process which if permitted to go far would markedly lower Japan's place among the world powers.

The beginning of the war was the signal for the start of a rapid development of Japan's foreign trade and shipping. As the western nations, and finally the United States, dropped more and more out of the Far Eastern business field Japan's business men reached into these new markets, especially into China, and created new facilities at home for meeting the new opportunities. The expansion developed in a geometrical ratio. Prices went up, profits increased, new factories and new trading companies were established. Then prices and turn-over and profits rose again. The spiral became steeper and steeper and the rate of ascent more and more rapid. Dividends of 40%, 50% 60% were common; even 100% and more was not unknown. A large part of these exorbitant profits was turned back for re-investment a goodly share of such re-investment being for the penetration of Japan's business into and for loans to various Chinese government agencies.

Then the farmers—the chief beneficiaries of the 300% increase in the price of rice in the last three

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years—began to take an interest in the reports they received of marvelous wealth to be made in stocks. For the first time in Japan's history this class became large buyers on the stock exchanges. Thus hundreds of new undertakings, especially new trading companies for these companies were making the largest profits, were able to secure capital and initiate operations with neither the experience nor the equipment to insure success.

This period of expansion came to a climax in March, 1920. During this month, according to figures compiled by the Mitsui Bank, plans were made for the establishment of new enterprises or the expansion of old ones calling for new capital in excess of Y2,000,000,000. Only part of this enormous sum was actually paid in at the time, but the balance represented requirements as yet potential but which might become actual on short notice.

The first signs of the coming reaction had appeared earlier. Before the middle of 1919 prominent financiers began urging caution. In spite of these warnings, however, the speculative boom steadily grew, with an increasing amount of buying on margins and futures of all sorts and in increasing amount of organization of new companies with only a small initial payment on the capital. Both of these factors tended to create a steadily increasing potential demand for capital. By the beginning of the year, therefore, the bankers were becoming more cautious in making new loans. This fact, together with an increase in the discount rates, tended to check the inflation.

Another important factor in the situation was the Chinese boycott of Japanese goods. Statistics have been issued purporting to show that this boycott did not seriously effect the total of Japan's exports to China. However that may be, it did very appreciably lessen the market for Japanese cotton goods and thus strike at one of the corner stones of Japan's industrial organization. Part of the demand that has made possible the extraordinary development of China's cotton mills of late has been new, of course; but no small share of it represents a definite loss inflicted by the boycott on Japan's cotton trade.

Then, in February, came the slump in raw silk, striking directly at another of the largest industries in Japan. Prices of raw silk had increased more than 200% between February, 1919, and February, 1920. The American buyers, by far the most important customers, anticipating a slump, stopped buying for stock and purchased only the absolute minimum required to meet urgent demands. Thus a domestic oversupply accumulated; a supply purchased and held, in large part, on borrowed money and as a speculation. As the time for payment of these loans drew near, many dealers were forced to sell on account of the tightness of the money market and the consequent inability to renew the loans.

Inasmuch as the silk and cotton industries together involve more than half of Japan's manufacturing capital, blows at these industries shook the whole structure of her economic life. The decisive turn on the stock market came shortly after the middle of March. The first big collapse did not come until May 24, however. On that day the Seventy-Fourth Bank closed its doors.

This bank was controlled by the Mogi interests, one of the larger business organizations of Japan, with

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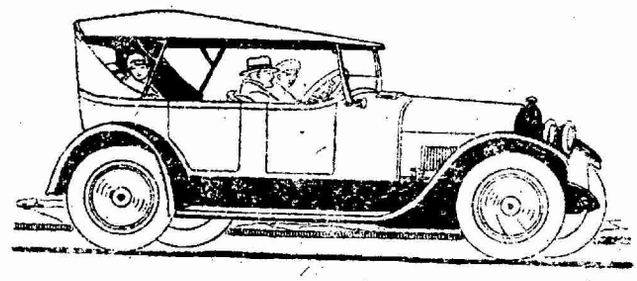

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branches throughout the world. The president of the company had been using the funds of his company and of the bank for heavy speculation in raw silk and cotton. When the slump came he was caught. And for a short time it looked as though he would drag down with him many other firms.

The Seventy-Fourth Bank had been acting as the financial agent for a large proportion of the traders in silk and cotton. Had this bank not met its obligations, therefore, hundreds of larger and smaller firms in these lines would have gone down with consequences ruinous not only at home but also to Japan's foreign credit.

To prevent such a disaster, the government, with the cooperation of certain of the largest business groups, took over the affairs of the bank and of the other Mogi interests. These groups preferred to shoulder the losses involved rather than to face the more serious losses that would result from a general collapse. And they have adopted the same policy in many other less conspicuous cases. Their chief interest has been at any cost to protect the foreign creditors and keep up the yen on the foreign exchanges. This is why so far the depression in Japan has not affected the exchange on yen.

The question now is whether or not these large financial groups will be able to stretch their resources sufficiently to keep up Japan's foreign credit until the abnormal part of her business expansion has been eliminated. Whether they succeed or not, their resources will be severely taxed, and consequently their ability to make foreign loans will be materially reduced for some time.

But whatever the outcome, the end of this depression will find Japan's business considerably more centralized than it has been. By financing weak businesses through periods of difficulty and so securing control, a small group of business interests had secured practically complete domination of Japan's industry before the war. The boom during the war; and the entrance of the farmers into the investment field, made possible the organization of a large number of smaller, independent concerns. This depression has thrown most of these into the hands of the "big fellows." If these latter can check the slump, they will emerge more completely powerful than ever.

Just what the effect of such an increased centralization will be on Japan's relations to China it is impossible to say. There are various political and labor forces at work in Japan which are definitely liberal—forces steadily growing in power. And some of the younger business men of Japan seem to incline, in fact as well as in word, to the realization that if Japan is to profit financially from China in the long run she must win and keep China's friendship. There are many others far more interested in the immediate profits from aggression. But for the present at least the hands of these latter have been tied by the depression.

Peking Government University, July 9, 1920.

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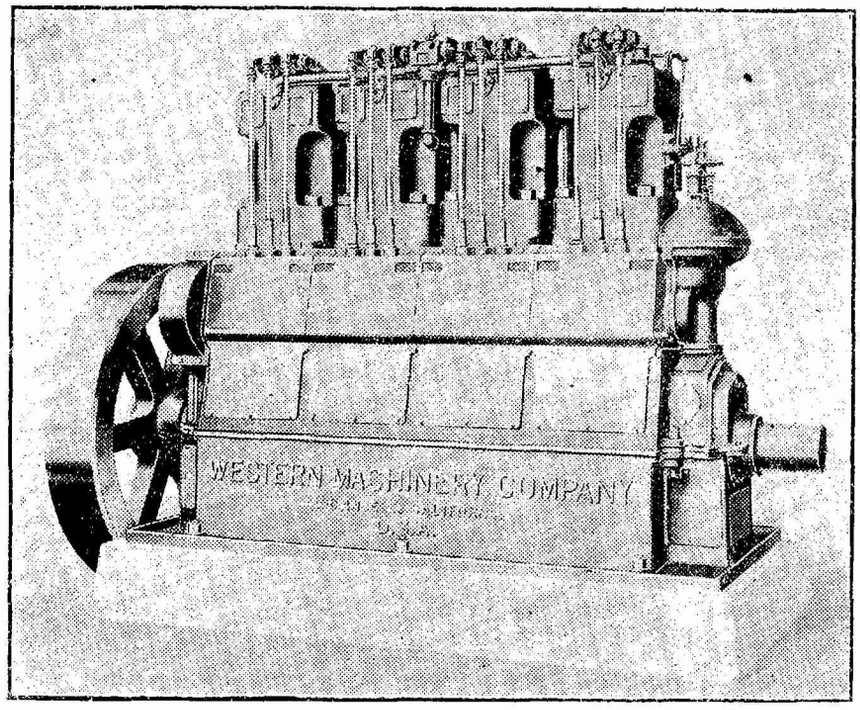

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News from Central China

The Hankow branch of the International Banking Corporation began the issue of bank notes of the denominations of $1, $10, $20, $50, and $100 on July 5.

A Heavenly Foot Society has been started in Wuchang and a program of anti-foot-binding propaganda among Chinese women is being planned by a committee.

There are three foreign gunboats at Changsha, and a like number at Yochow. The pilot houses of the steamers and tugs enroute are protected by plate iron or bags of sand. It was said that some foreign gunboats had been fired on by the Seventh Division under General Chang Ching-yao, who is now in Hankow.

Invitations to the opening ceremony of the newly completed premises of the Hongkong and Shanghai Banking Corporation of Hankow have been sent out to the British community and their friends in Hankow by Geary Gardner, manager of the local branch. The ceremony is to take place in the afternoon of July 10.

An anti-vice movement expects to be launched soon in Hankow, some noted Chinese social workers having come to Hankow from Shanghai recently. These men are cooperating with the Hankow Benevolent Society to take steps to ameliorate the life of Chinese prostitutes and to mitigate their horrible sufferings.

General Wu Kwang-hsin, brother-in-law and close follower of Field Marshal Tuan Chi-jui and the trusted general of the Anfu Club, who has been in Hankow for some time, is arraying his troops in this center preparing himself for a conflict with General Wang Chan-yuan, the Chihli general of Wuchang, so the rumor persists in Hankow.

Due to the existing disorders and difficulties in the province of Hunan, the annual meeting of the Hunan Christian Educational Association was canceled and most of the mission schools omitted their graduation exercises. On the exit of General Chang Ching-yao from Changsha, there is very bright prospects for the opening of government schools in Hunan next fall.

The U. S. Torpedo Boat Destroyer *Elliott*, of the fleet of seven, which took Admiral Albert Gleaves, Commander of the U. S. Asiatic Fleet, from Shanghai to Hankow last week, has set a new speed record for this trip. The *Elliott* made the run from Shanghai to Hankow in 27 hours, while river steamers take three days for the voyage. The return trip was made in 26 hours.

Cholera epidemic has been brought down to Hankow by the Northern soldiers from Hunan. No less than eight cases were brought to the Roman Catholic Mission Hospital for Chinese in Hankow. Three of these infected men died outright, and five are still lingering. There have also been a number of cholera cases in the various camps of the Northern troops from Hunan.

The local rice mills have had to suspend operations through their being unable to obtain further stocks of grain from outside provinces. The price of rice has soared exceedingly high lately in consequence of the disorders in Hunan, which cut off the principal source of supply of rice to this province. Unless fresh supplies of rice are developed shortly, the situation is doomed to be critical.

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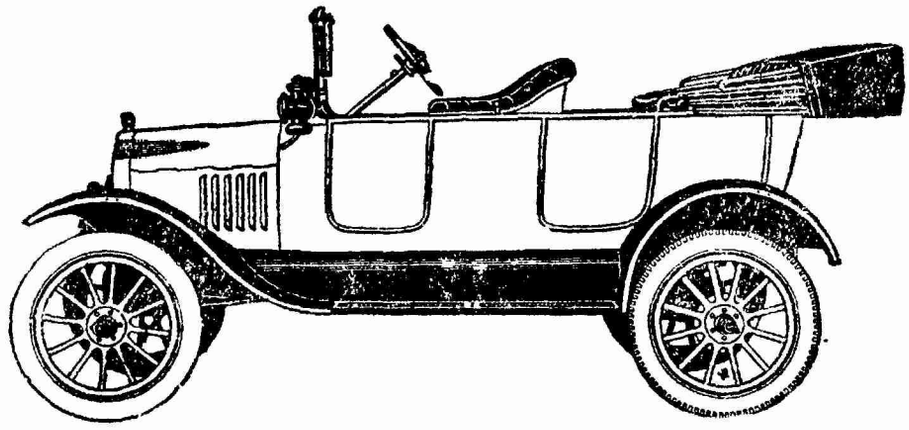

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There is little or no business passing in the market for imported piece goods in Hankow, and therefore no improvement in the very depressed tael prices ruling. Shanghai auctions, when demand is small, kill all chance of advance and dealers are not slow to advise merchants of this fact. In view of cost and exchange, prices in China just now are absurd and it is impossible to do business.

Three students were seriously burned and are now in the Red Cross Hospital in Changsha as a result of a clash with the people who insisted on having for their religious worship a temple which the students of the Changsha Normal School took for their school. The people were angry with the students destroying the idols in the temple and attempted to burn the students alive.

In the market for exports in Hankow, the demand from Europe seems to be improving from week to week, but the continued vagaries in exchange make business very difficult. American values have dropped in line with the price of silver, and there is nothing to do but wait until they recover. Tael prices are slightly weak. Except for a single purchase of sesamum seed and wood oil, there is little doing.

The Chinese Chambers of Commerce of Hankow and Wuchang sent a telegram last week to the anthorities at Peking and Canton, urging upon them the necessity of the healing of internal breach in China. Unless domestic hostilities are halted, this commercial metropolis in the heart of China will experience the same fate as during the Revolution in 1911, which tore the city of Hankow to pieces, is the opinion of the two Chambers.

The Chinese authorities of the Special Administrative District are the first municipal body in Hankow to take measures for limiting the speed of motorcars along the bund and streets in that district and forbidding the excessive use of horns. The Special Administrative District, former German Concession of Hankow, is now under direct control and management of the Chinese, and in every respect it is being managed along modern municipal lines

The American Chamber of Commerce of Changsha, Hunan, under the lead of the American Vice Consul at Changsha, Mr. Meinhardt, held an Independence Day reception on July 5, at the home of Mr. Harmon of the Standard Oil Company of N. Y. A large representaive crowd, the sailors from the U. S. S. *Quiros* and guests from up river attended the reception in commemoration of the "Glorious Fourth." On account of the unfavorable weather no out-door sports were observed.

The American Consulate General at Hankow received a telegram on July 8 from General Tan Yen-kai, Commander of the Southern forces in the recent coup in Hunan, in which General Tan set forth before the foreign consular officers in Hankow the purposes and aims of their attack in Hunan, adding that they were driving General Chang Ching-yao, who had been ruining Hunan with the backing of the rotten Anfuities at Peking, out of Hunan not in any spirit of militarism but in legitimate defence.

Remnants of the Seventh Division of the Northern forces recently routed from Changsha and Yochow under General Chang Ching-yao have been handed over to General Wang Chan-yuan of Wuchang by General Chang in accordance with an instruction from Peking. Some of them have been disbanded and sent home by General Wang who is endeavoring to dispose of the rest, numbering about 20,000 soldiers, in a similar way. These soldiers are now quartering in some small cities down Hankow and are continuing their looting business there as usual.

The Wuchang-Changsha Railway has been out of commission for nearly one month owing to the Hunan upset, and a great deal of damage has been done both to the permanent way and rolling stock. Five trains have come to grief while being run by the ignorant soldiery, all the native railway men having run away. Trains are being run upon military service from Wuchang as far as the Hupeh border. Beyond that point, there is a neutral range of 10 miles through which no trains at all are believed to be running, although particulars are unknown at this end.

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Announcement of the opening dates of the branches in Shanghai, Hankow, Tientsin, and Canton will appear soon.

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pirates on June 30, during her trip from Chungking down river. Previous to leaving Chungking, Captain Haffelbarth on receiving the warning that soldier pirates had prepared to attack and attempt to hold *Robert Dollar II* made preparations to resist the attack. After four hours steaming from Chungking a fusilade was opened from both banks. About one hundred shots were fired on the *Robert Dollar* which opened fire with two machine guns, over 300 rounds of ammunition having been expended. The looting by bandits in the upper Yangtze stretches is now becoming less frequent.

The American Independence Day was celebrated by the American community in Hankow at a reception held at the American Consulate General at Hankow on July 7, when American Consul General P. S. Heintzleman endeared himself to the local American community which he but recently joined and the foreign friends in Hankow. In the course of his address, Consul-General Heintzleman reviewed America's aims and purposes in the World War and in the peace following its termination. The principles for which America had fought in the war were the principles as laid down by Washington, Lincoln and Roosevelt; the principles of liberated mankind; of the right of every nation, however small, to judge its destiny and aspirations; and of governments deriving all their just power from the consent of the governed. Though all these principles in their entirety did not seem to be embodied in the peace treaty they remained a component part of the permanent policy of the United States. This is the keynote of Mr. Heintzleman's address in which he highly complimented the part in the World War done by Great Britain, attributing the success of the United States in the struggle between autocracy and democracy to the effectiveness of the British Fleet in patrolling the trade lanes across the Atlantic, supplemented by the British Mercantile Marine. Tribute was also paid to the heroic deeds of General Pershing and the gallant and persistent American armies, and the splendid achievements of the American North Atlantic Fleet. In conclusion Consul General Heintzleman expressed the hope that peace would finally be concluded through the concerted efforts and indominable will of the Allies. The ceremony of the day took place in the large room at the American Consulate-General which was gaily decorated and prettily hung with flags. Among the guests present were the Consuls of all nations represented in Hankow, representatives of the governors in Wuchaug, and officers from war vessels in port and from the Japanese Barracks in Hankow. A baseball game was played in the afternoon between the American Navy men and a local team. The evening program was carried out in the Victoria Cinema where there was full attendance.

Hankow, July 10, 1920.

News from South China

Some sixty-four Members of Parliament left Hongkong for Yunnanfu by way of Haiphong last week. It is reported that more will follow.

Dr. Paul J. Todd, superintendent of the Canton Kung-yee Hospital, has left Canton for America on furlough. He will be away for a year.

Mons. Ch. Vennin has been appointed acting manager of the Banque Industrielle de Chine in Canton during the absence of Mons. A. Pingrin.

Canton held an educational exhibition June 28-30, during which popular lectures on health, industry,

and education were given by prominent leaders of the community.

Mr. T. K. Ching, manager of the Star Leather Company in Honan, Canton, after an extensive tour in Peking and other cities in the North, has returned to Canton.

No flood is feared here in Canton for the time being, as the water has gone down from 61 to 49 feet at Wuchow, according to latest reports reached Canton, July 2.

Major G. W. Olivecrona, chief engineer of the Board of Conservancy Works of Kwangtung, now on leave, writes that he will be back to his post by next December.

The Vacation Bible School committee in Canton will conduct twenty vacation schools throughout the city this summer, beginning July 2. Each school will have about eighty pupils.

The American Consulate-General has announced that there will be an official reception July 5, at Shameen in honor of the Independence Day which falls on Sunday this year.

Canton expects to receive on visit many foreign tourists the next two weeks. According to the Bureau of Foreign Affairs, sixty-nine will be here, including thirty-one Japanese and twenty-four Americans.

General Ngai Bong-ping, Commissioner of Police in Canton, will not be transferred as at first decided by the higher authorities. General Ngai is now in the hospital suffering a nervous break down.

There will be a boys camp at Whampoa, Kwangtung, from August 6 to 20 under the auspices of the Boys Division of the Canton Y. M. C. A. This will be first of this nature in South China.

The laborers in the factories over at Honan, Canton, will still have to work for at least ten hours a day. The demand of the Chu Kong Motor Boat Company for shorter hours has been turned down.

Among the 227 Chinese students who left Hongkong by the *s. s. Porthos* for France are five Cantonese girls and a former law professor here, Lee Mon Fan, who will stay abroad for further study.

Mr. C. H. Shield, formerly Postal Commissioner at Canton but lately on leave at London, has returned to Canton. He paid a visit to Hongkong and Canton last week. He is not resuming his post in Canton.

To promote higher efficiency, the Hackett Medical College for Women in Canton will, beginning next term, use the English language as the medium of instruction. For the present no Chinese medical text books are available.

H. Coffe, C. M. G., arrived at Canton July 1, from home to act as consul-general for Great Britain here during the absence of Dr. J.W. Jamieson, who is now home on leave. Mr. Goffe has been several years consul-general at Yunnanfu.

The bandits in the different districts of the North River have in their hands nearly 1,000 captives awaiting for ransom to be paid by their friends or relatives, according to those who understand the condition of this part of Kwangtung.

Japanese Consul General K. Ohta and two other Japaneses left Canton for Kwangsi early this week for an interview with General Lu Yung-ting, the leading militarist in Kwangtung and Kwangsi. Before the trip, the party was entertained by the military governor at dinner.

The King's Exequatur empowering E. R. Huneeus to act as Chilian Consul and P. V. Botelho to act as Consul for Nicaragua in Hongkong

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has been received. Senor Don Adolfo Seilingo has been recognized as Vice-Consul for the Republic of Argentine in Hongkong.

If the Civil Governor approves of a recent resolution of the Fourth Educational Conference of Kwangtung, the Higher Normal School here may admit girls to full standing in its classes next term. The Canton Christian College here is the first institution to favor co-education.

For the first time since assuming the post of acting military governor in Canton, General Mu Yung-hsien opened his headquarters July 1, for a reception of teachers and students of the city on the Goddess Hill. Nearly six thousand persons took advantage of the invitation to visit the local fortification.

John William Siew, a graduate of Wheaton College, and Miss Katherine Wai, who has been educated at Oberlin College, U. S. A., recently returned from America, were married June 30. Mr. and Mrs. Siew intend to enter into educational and service work for the inhabitants in the interior districts.

The Pui Ching Baptist Academy celebrated its 30th anniversary of establishment at Tungshan, Canton, June 30, when nearly 5,000 friends and former students attended the exercises. This school is directed wholly by Chinese Christians. Y. F. Yeung, A.M., and K. M. Wong, A. M., both graduates of Columbia University in New York, are president and principal respectively of the Academy which now enrolls nearly 500 students.

H. W.

Canton, July 2, 1920.

Who's Who in China

General Pao Kuei-ching
Former Military Governor of Heilungkiang
(鮑貴卿)

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General Pao Kuei-ching, former Military Governor of Heilungkiang, is a native of Haichenhsien, Fengtien. He attended the Kai Ping Military Academy at Kai Ping in the province of Chihli.

After his graduation he joined the late President Yuan Shih-kai, who was then training modern troops at Shiao Chan, as a non-commissioned officer.

Shortly before the revolution of 1911 which resulted in the establishment of the Chinese Republic, he was promoted to the position of Brigade-General.

In 1913 General Pao Kuei-ching was appointed Garrison Commissioner at Tatung, Anhwei. During that period the section of the country in which he was instructed to preserve order was often subject to local disturbances.

Later he became Chief of the military training institution for the whole of the country, and it was a very important position at that time.

In July of 1917, General Pao was appointed Military Governor of Heilungkiang. At the same time he was given the rank of full General. Concurrently he was instructed by Peking to act as Civil Governor of the province. A few months afterward, he resigned from the concurrent position of Civil Governor, and he retained the post of Military Governor.

During the time of the allied expedition to Siberia, he was Director-general of the Chinese Eastern Railway, and rendered efficient service in that capacity. He was called upon as Director-general of the line to solve many complicated international questions. He rose himself to the occasion. On account of his eye trouble due to overwork he was obliged to resign from that railway position in May.

The Military Governor of Heilungkiang is a close friend of Marshal Tuan Chi-jui, and was a pupil of his at Shiao Chan years ago. His son was married to a daughter of General Chang Tso-ling, the military lion of the hour. Both his son and his daughter-in-law are now studying in a Japanese school in Japan.

Mr. Yang Shou-mai, Wusih

Mr. Yang Shou-mai, managing-director of the Kwang Ching Weaving & Spinning Co. Ltd., Wusih, is a leader in the modern industrial development at Wusih. He was born in 1875, is a member of a well known family in his native city, Wusih. His father was the tutor of the late Voong Koa Chang and with Mr. Old Yang Nee Fang was the starter and the head of the Military Academy of Pao-Tingfu. He was one of the great officers in the Tsing Dynasty besides teaching many pupils who became afterwards famous generals and leaders both in the Tsing Dynasty and the New Republic of China.

Mr. Yang was diligent in his studies. His knowledge of Chinese is excellent. He receiving the M. A. degree in the Tsing Dynasty when he became a young man. He followed his father to Peking to serve as an academic member in the military department. Later he entered civil official rank. He was appointed by the Chinese government as the managing-director of the Kwangtung Provincial Mint, Kwangtung. He retired from the official rank in the end of the Tsing Dynasty.

His father started in the year 1900 a cotton mill known as Yeh Ching (業勤) one of the oldest cotton mill in the inland of China. After the death of his father, Mr. Yang Shou-mai became the managing-director of the mill in 1912. He started another new weaving and spinning company named Kwang Ching of which he is now the managing-director.

The Kwang Ching Cotton Mill has 17,000 spindles at present and 3,000 spindles will be added in the near future They spin yarn from 12 to 20 counts. There are 3,000 Ring Double Spindles which can spin yarns from 32 to 42 counts. There are 1,400 workers men and women.

Besides the spinning mill, Mr. Yang started the telephone company in Wusih in 1911. It has been a successful enterprise. In the following year he extended his telephone business to Tang Ts'ang (太倉) and Lih Yang (溧陽) districts. He also opened an oil mill in 1914 in Wusih. This was the first mechanical oil mill in the interior of China. He recently began building the Kwang Ching Soap Factory, and the Kwang Ching Foundry Company in the vicinity of his weaving and spinning mill.

Mr. Yang has started to open a stone-paved road connecting his mills with the Shanghai-Nanking Railway Station at Wusih. It is several miles long and in this vicinity, he also will open schools, police stations, a fire brigade, market-house, and a band composed of orphan boys. He is trying to make the new section a modern self-governing district. It is called the Kwang Ching District and is about a mile north of the city of Wusih.

Week's News Summary

CHINA

July 8. Shanghai rice crisis passes as prices fall-Field Marshal Tuan and General Chang Tso-lin concentrate troops near Peking.

July 9. Marshal Tuan demands deposition of General Wu Pei-fu and Gen Tsao Kun with President Hsu weakening.——Shanghai Municipal Police seize three vessels of Russian Volunteer Fleet on order of Russian consulate at Shanghai.

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July 10. Presidential mandate removes General Wu Pei-fu from office and orders investigation, also takes away General Tsao Kun's title, under pressure from Tuan.

July 11. Tuan's troops said to be ready to move against concentrating forces of General Chang Tso-ling.——President drafting mandate for the protection of foreigners.——American marines return fire of bandits on Robert Dollar II near Chungking.

July 12. Diplomatic Corps at Peking send note of warning to President.——General Li Shun of Kiangsu takes up post with troops at Quinsan interrupting traffic of Shanghai-Nanking railway, with General Lu Yung-hsiang's Chekiang troops taking up position at Wongdu, near Shanghai.

July 13. Troops of Marshal Tuan refuse to fight materially weakening efforts of the Commander.——Generals Lu and Li effect compromise and withdraw troops.

July 14. Shanghai-Nanking railway resumes traffic.——Peking dispatch says Tuan is weakening, fighting of little importance is in progress near by and Peking is in general disorder.

SIBERIA

July 9. Coalition cabinet of "capitalists" and social revolutionaries formed at Vladivostok.

July 13. Bolsheviks make sweeping advances against Poles in Minsk region.

July 14. Poles, overwhelmed, seek peace with Soviet Russia on basis self determinations of people.

JAPAN

July 9. Tokio dispatch quoting Baron Uchida says Japan will not negotiate with Russians for buffer state.

July 10. Japanese Diet members declare Japan is disliked by world.

July 11. Japanese recover stolen Russian maps which were supposedly to have been sold to American Legation at Tokio, statement from legation says no sale had been made.

GENERAL

July 8. German representatives at Allied conference at Spa declare some terms of treaty impossible.——Governor James M. Cox of Ohio, and Franklin D. Roosevelt, assistant secretary of the Navy, named presidential and vice-presidential candidates of the Democratic party.

July 9. Denmark regains Schleswig by treaty with Allies.——Germans plead economic stress and lack of time as reason for noncompliance with treaty terms.

July 10. Germany given three months to reduce army to 150,000 strength.——English miners demand more wages and reduction of the price of coal.

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July 11. Allied Conference at Spa threaten invasion of Ruhr basin if Germany continues shifting policy. ——British East Africa annexed to Empire as Kenia Protectorate.——General Dyer, British general in command during Amritsar riots in India, relieved from duty in the army.

July 12. British House of Lords moves for reduction of strain on revenue by eliminating special war activities.——Prince Kropotkin in Moscow dispatch says fall of Soviet communism is near.

July 13. Germans attempt to evade provisions of treaty with Allies taking firm stand.——Turks inaugurate compulsory military service.——Bonar Law in House of Commons says British opinion in Shantung question is expressed in treaty of peace and that no further statement could be made.

July 14. Empress Eugenie, widow of Napoleon III, dies in Spain at age of 94.——Spa conference ends with general satisfaction among Allies.——Admiral Fisher, commander of the British fleet, dies in London.

Men and Events

G. A. Fitch of the Y. M. C. A. returned to Shanghai on Tuesday, July 13, after a three week's vacation spent in Kuling and Nanking.

P. Grant Jones, British Assessor of the Mixed Court, Shanghai, departed for England on leave on Monday, July 12, on the *s. s. Katoria Maru.*

George W.P. Hunt, former Governon of Arizona, has been appointed United States Minister to Siam. He sailed on June 22, from San Francisco for his new post.

Anyone having a copy of a book by T. R. Jernigan, entitled "The Law and Commerce of China," will confer a favor by communicating with the editor of *Millard's Review.*

N. G. Wood of the Standard Oil Company, Chungking, West China, arrived in Shanghai last week on a short business trip. He departed for Chungking on Wednesday, July 14.

Owing to the internal disturbance and disruption of railroad and mail service between Shanghai and Peking the *Review* is unable to print this week the usual correspondence from Peking.

Ralph B. Dort, supervisor of foreign agencies of the Dort Motor Car Company of Flint, Michigan, arrived in Shanghai last week enroute around the world in the interests of the Dort Motor Car Company.

E. N. Easton, representing Owen and Hill and Company, exporters of metals and chemicals, is in Shanghai on business. Mr. Easton before coming to China spent several months in Japan on business.

Dr. Westel W. Willoughby, professor of Political Science at Johns Hopkins University and former legal adviser to the Chinese government, arrived in Shanghai this week. Dr. Willoughby is staying at the Palace Hotel, and is accompanied by his daughter, Miss Laura.

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It has been reported that another suicide has occurred in Japan of a proprietor of a firm who has been extensively engaged in trade with North China. The suicide was caused by the boycott movement and the sharp fall of silver.

Mr. and Mrs. C. F. Remer of St. John University, Shanghai, departed on Wednesday, July 14, on the *s. s. Kumano Maru*, for Japan. Mr. and Mrs. Remer are planning to visit Korea and North China before returning to Shanghai in August.

H. E. Morton of the British American Tobacco Company, who has been stationed in Hankow for the last six months, returned to Shanghai on Saturday, July 10. Mr. and Mrs. Morton are living at their home at No. 202 Avenue du Roi Albert.

Samuel C. Knode, general sales manager of the Albemarle Paper Manufacturing Company, makers of blotters, etc, of Richomond, Virginia, recently arrived in Shanghai on business in the interest of his company. Mr. Knode spent a month in Japan before coming to Shanghai.

Albert U. Lewis, director of trade in the Orient of the Associated American Industries, Inc., an association of manufacturers for export, arrived in Shanghai on the *s. s. Empress of Russia*, on Monday, July 12, to investigate business conditions. Mr. Lewis is staying at the Astor House.

The California Glee Club, singers and entertainers on a tour of the East, are expected to arrive in Shanghai about Sunday, July 17 and will play at the Lyceum Theater for five consecutive evenings, a new program scheduled for each evening. Lawrence G. Blockman, manager of the club, arrived in Shanghai on Monday, July 12, enroute to Peking and Tientsin.

Godfrey M. James, Far Eastern representative of the Parsons Trading Company, paper merchants and exporters of New York, recently arrived in Shanghai on business and has opened offices for his company at 22 Kiukiang Road, Shanghai. The Parsons Trading Company has offices in London, Mexico, Sydney, Havana, Stockholm, Buenos Aires and other places.

An interesting film of 5,000 feet was given at the Olympic Theater on Monday evening, July 12, taking one on a tour of inspection of one of the three cigar factories of the Walter E. Olsen and Company of Manila, cigar manufacturers. Another feature of the program was a film "Heart of the Jungle" by Paul J. Rainey showing wild animals in the jungles of Africa.

It is reported that on July 5, 130 Congressmen of the United States departed from San Francisco on a trip for the Orient, including the places Hongkong, Canton, Shanghai, Hangchow, Nanking, Tsinanfu, Tientsin and Peking to be visited. Dr. Paul S. Reinsch, former American Minister to China, will head the party. Julean Arnold, American Commercial Attache, who has been in America the past year will also accompany the party.

More than $100,000 worth of contraband opium was believed to be secreted on the Canadian Pacific steamer, *Empress of Russia*, when it reached Manila on its last trip to that city, according to statements of the customs officials of that port. One hand-bag which was found in the baggage of some Chinese students contained opium to the amount of Pesos 20,000, but an investigation exonerated the students. The students were on the way to Manila to study aviation at the Curtiss school.

Acting under orders from the Russian Consulate, Major Hilton Johnson of the Shanghai Municipal Police with a boarding party seized the steamers, *Penza*, *Simferopol*, and *Georgi*, of the Russian Volunteer Fleet lying at anchor in the Shanghai harbor on Thursday, July 8. The dissenters of the crews were removed to temporary quarters in the French Concession. The seizure came as the result of dissension among the various political factions represented in the consular service, the management of the steamers and their operators.

The following program of events was given in honor of the celebration of the National French holiday on Wednesday, July 14, including the regular torchlight procession held on Tuesday evening, July 13, at 8:45 p.m.:—8 a.m.:—Saluting the flag at the French Consulate-General. 10 a. m.:—Distribution of prizes to Volunter Firemen at the Avenue Joffre station. 11 a. m.:—Reception at the Consulate General. 11.30 a. m.:—Reception at the Cercle Francais. 12.30 p. m.:—Reception at the Cercle Sportif Francais. 3.30 p. m.:—Sports in the Koukaza Gardens. 9 a. m.:—Concert in the Koukaza Gardens and ball at the Cercle Sportif Francais.

The threatened outbreak of hostility in North China is a most unfortunate affair which the Chinese people fully disapprove is the text of a telegram sent by the following organizations during the recent disturbance in North China, as expressing the general sentiment of the people in Shanghai: Chinese Cotton Mill Owners' Association, Shanghai Bankers' Association, Kiangsu Educational Association, Shanghai City

Chamber of Commerce, Shanghai Flour Millers' Association, Chamber of Commerce of Nantungchow, Chungmin, and Haimen, Shanghai Educational Association, Industrial Corporation of Nantungchow and Haimen, Shanghai Western Returned Students' Union, National Association of Vocational Education of China, World's Chinese Students' Federation, Paoshan Educational Association, Nantungchow Educational Association, Shanghai Fire Brigade Association.

What is A Chinese "Sing-Song" Girl?

The venerable and dignified City Fathers, or more properly Municipal Councillors of the International Settlement of Shanghai are greatly bothered by the question appearing at the top of this article. The *Municipal Gazette*, that dull, and hence dignified and respectable, weekly newspaper of the Council for July 8, contains some three columns of solemn discussion on this important subject. The Chinese General Chamber of Commerce, proprietors of Chinese hotels and restaurants, a leading French lawyer, and the Secretary of the Municipal Council all participate in the discussion and the end is not yet.

A typical sing-song entertainer—this one being from Wusih, near Shanghai, on her "Flower Boat" that plies on the canals of the vicinity

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The question arises through the enforcement of the Ratepayer's recent enactment regarding the licensing of brothels in the International Settlement. The Council was forced to delay the enforcement of the regulation for one month and the present discussion in the *Gazette* and in the Council and Police Department are supposed to clarify the subject.

It is curious that in all of the material that has been written about China, very little has appeared about the intimate home life of the Chinese, their entertainments, home customs, habits, joys, jealousies and sorrows,—and sing-song girls. In Japan on the other hand whole reams have been written extolling the virtues of the *geisha*, who in many ways resembles her Chinese sing-song girl sister. Such modern authorities on China as Putnam Weale, T. F. Millard, Rodney Gilbert, and the rest of the literary luminaries have carefully avoided this "vital" subject—a matter which now occupies in Shanghai Chinese circles a position overshadowing such minor matters as the Shangtung Question, the Anglo-Japanese Alliance and the League of Nations.

Hollington K. Tong in an article in *Millard's Review* about a year ago told of a campaign started by the Chinese housewives of Tientsin and Peking against the institution of concubinage. Whether concubinage has any relation to the sing-song girl institution is difficult for a mere foreign observer to say. In this case, the Tientsin Women's Association voted to refuse in future to accept donations which wealthy concubines had been accustomed to making toward philanthropic and charitable enterprises.

But to get back to the burning question as discussed in this week's *Municipal Gazette:* The Chinese General Chamber of Commerce, certainly the most dignified and conservative body of Chinese business men and bankers in the country takes up the cudgels on behalf of the first class sing-song girl houses. The Chamber reports the receipt of correspondence from Chinese restaurants asking whether the Council's license condition for "1st class brothels and singsong girl houses may not be withdrawn and other measures adopted in conformity with public sentiment." The writer observes that "though brothels affect public morals, still they aid in the prosperity of the port." The translation of a letter from Chinese hotels, restaurant keepers, food purveyors, jewellers, embroiderers, musical instrument dealers, etc., states that, "1st class brothels serve as places of meeting and entertainment of prominent merchants and gentry and that these houses are very different from low class resorts, and that the 1st class places have a great deal to do in the matter of promoting the prosperity and the development of local commerce."

Naturally these words will sound strange abroad where Chinese customs are not understood. The improper use of the world "brothel" in connection with these sing-song houses of entertainment, is bound to further the misunderstanding. Mr. J.E. Lemiere, the French lawyer, takes up the cudgels on behalf of the misunderstood sing-song girl and writes a long letter to the Council attempting to establish her status in society:

"I have been instructed by some representatives of the 'singing girls' of the International Settlement to thank the Municipal Council for granting the postponement till the end of the present month of the new regulations concerning the houses of entertainment.

"I have also been instructed by the same representatives to approach the Municipal Council in order to establish their real status.

"Lately the houses in which they live and where their customers receive and entertain friends have been commonly and wrongfully termed houses of prostitution. The singing girls are really artists; they earn their living by entertaining guests, receiving a regular fee for each attendance. They may be likened to actresses. Till a few years ago, they used to add to their names or to their sign boards the characters "Su Nu" (書寓). They intend to renovate that old custom in order to avoid any misunderstanding about their profession. Therefore they respectfully inform the Municipal Council that they do not consider that the present regulations apply to them.

"As, in my previous letter of June 3, I stated that a great number of singing girls were going to abandon their profession and return to their families, it might be inferred from my statement at that time that these girls considered themselves to rank with prostitutes. Such a deduction would be incorrect. The singing girls are divided in two categories. To one, belong the girls absolutely free; to the other, those dependant on persons who, on paying a certain remuneration to parents and providing for the clothing and the professional education of the girls entrusted to their care, are entitled to receive during a certain number of years the fees earned by the girls. It must he admitted that some of this kind of *impresario* tried and very often succeeded in getting from those girls more than that they were entitled to receive, keeping the girls in a kind a bondage. A few girls of this category took the opportunity of the coming into force of the new regulations to obtain their freedom, but they never considered themselves to be prostitutes and as a matter of fact a great number never departed from the path of morality.

"As you are well aware, it is customary for the Chinese of the best classes to meet daily in those houses of entertainment, where they receive their friends and discuss business matters. To oblige the singing girls to register as prostitutes, to oblige a house of entertainment to register as a house of prostitution, will compel both of them either to close their houses in this settlement or emigrate somewhere else; a measure which will not only cause strong disaffection amongst the best Chinese classes, but will also cause a lot of shop-keepers, like tailors, shoe-makers embroiders, jewellers, piece goods retailers, musical instrument merchants, restaurant keepers, etc., to follow those girls where they will decide to fix their new abode, thus causing a very serious loss to the Revenue Department and it appears to me that both loss of revenue and the annoyance caused to the Chinese Ratepayers can be and ought to be avoided.

"No one denies the utility of the new regulations which were especially drawn up for the benefit of the moral welfare of this community, but their application should be restricted to those who have compelled the Municipal Authorities to adopt strongest measures without causing injury to others who have nothing in common with them."

It is not the purpose of the writer of this article, or in his ability for that matter, to write a thesis on the sing-song girl, or even on the entire subject of Chinese home life. Chinese marriage customs are almost as old as the human race and in many phases compare to what we have learned in recent years of

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the home life of the ancient Greeks and Romans. A few general remarks, however, giving some of the outstanding features understood by foreigners may not be amiss. The average Chinese man or woman has little or no choice in the selection of a mate; that is settled by the parents. Strictly the bridegroom in the olden days wasn't even supposed to see the lady of his choice until the wedding season arrived. The mate chosen often was uncongenial, uneducated and a victim of the system that holds Oriental women in seclusion and subjection. She was fit for bearing children and housekeeping only. Socially she had nothing in common with her husband and was not supposed to know anything. To get the companionship with women of higher intellect, he had to go outside of his home—to the house of entertainment of the sing-song girls. Literally there are thousands of these young women in every Chinese city of consequence. These girls are carefully trained as musicians and in the arts of attraction. They know the latest gossip and they know everybody. Their houses are the center for gatherings of men, officials, business men, bankers, the status largely being determined by the wealth of the visitors. In the evenings they visit restaurants, hotels, cafes, private banquets, gatherings of all kinds and they sit back of the guests, talk the latest gossip, sing the latest songs and play the latest music on the two stringed fiddle or other instruments that foreigners do not consider as music, but which the Chinese appear to enjoy. From sixteen to twenty is the usual life of these human butterflies—and after that—it is difficult to find out what becomes of them. Many undoubtedly fall a prey to adversity and drop to lower stages and end in the rescue homes if they are lucky. Others marry their admirers, become secondary wives or concubines, or are absorbed in the whirlpool somewhere. To class sing-song girls as prostitutes is certainly wrong and an injustice and an insult to the Chinese generally. Certainly they perform a service to Chinese society at its present status of development. According to Dr. Arthur H. Smith "concubinage is a natural result of the Confucian theory of ancestral worship which demands a son to worship at the shrine of the ancestors.—Nothing can uproot it but a decay of faith in the assumption underlying all forms of worship of the dead." In short if no son results from the first marriage, then it must result from a secondary marriage and so on, the number of wives being largely determined by the wealth of the man to support a home establishment.

The Western returned student, man and woman, and western education in China will finally uproot the sing-song girl, the concubine, and reform the domestic life of the Chinese people. The coming into her rightful province of the Chinese woman along with her sisters of western lands, will bring the change—in fact it is bringing changes much more rapidly than foreigners, or even the Chinese themselves have any realization of. The modern Chinese young woman student, who has been so active the last few years in the boycott, in the student movement, in education, social service will eliminate the old evils of Chinese life. Sing-song girls and secondary wives will not be needed to provide a real home life in her domicile. In the mean time

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the missionaries, the moral welfare society, the vice commission, and even the Municipal Council itself will not be able to reform 2,000 year old customs of China overnight. In the meantime, the foreigner himself and herself, is not perfect—and will not be perfect until—when—well, when the League of Nations finally succeeds in abolishing wars and international jealousies.

M. C. P.

Of Special Interest

Mrs. J. B. Sawyer, wife of J. B. Sawyer, U. S. Vice-Consul, Shanghai, and her sister, Miss Mary McConnell are planning to depart for America on July 31.

News was received this week of the death of Empress Eugenie, widow of the Emperor Napeoleon III, at Madrid at the age of 94. The King of Spain, who is now in London, has intimated his desire that the funeral shall take place with royal honors.

An excellent musical program was given by some Russian artists at the Chinese Y. M. C. A. on Tuesday evening, July 13. Those assisting in the program were: Mme. S. Markovsky (soprano), Mme. T. Nikolaevsky (contralto), N. Tuevsky (tenor), V. Volin (baritone), assisted by Messrs. Michnevitch and Solis at the piano.

Mrs. John B. Snoke, American Woman's Club librarian, has suggested that all members of the club who have had practical experience in any from of library work to kindly send in their names and addresses or telephone her residence 6 Seward Road, Phone North—842, thus putting their experience and training at the service of the club.

Current Press Opinion on Far Eastern Affairs

Khaki and Red in Siberia

From the "North China Daily News," (British)

If Japanese readers were made indignant yesterday by our correspondent's account of Japanese soldiers' behaviour in Siberia, we fear they will hardly be mollified by to-day's instalment. Here he passes from facts to comment. And we seem to hear the angry rejoinder: "Mere conjecture, bias and misrepresentation, as Japan is ever misrepresented through the hatred and envy of foreigners." But if what our correspondent says is certainly conjectural in the sense that neither he nor any other foreigner is privy to the counsels of Japanese militarists, there is nothing in his article to-day which is not logical and justifiable deduction from recent facts conspicuous to all the world. The Twenty-one Demands, and the anxious care that was taken to keep them from Great Britain's knowledge; worse still, the ugly fact that when communication finally became inevitable, the most damning clause of all was suppressed: the grip obtained on various strattegic points in China by means of loans to Peking, by the Arms Agreement and Military Pact: the wedges driven into China's side in Fukien, Shantung and Manchuria; the quite recent and wholly unjustifiable claim of Mongolia as a sphere of special Japanese interest: the continual stealthy extension of police stations: and, casting further afield than China or Siberia, the strange and discreditable harbourage in Japan permitted, actually in war time, to Indian Nationalist revolutionaries: how, with all these sinister recollections can we shut our eyes to deductions yet more sinister?

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The Kaifengfu-Honanfu (Pienlo) Railway often called the Lunghai and Pienlo Line connects the main Shanghai-Tientsin lines with the Peking-Hankow line. It is 115 miles long and was financed principally by Franco-Belgian capital.

This line joins the Peking-Hankow Railway at Chenchow and an extension to Hsuchowfu on the Shanghai-Nanking-Tientsin line is contemplated. The line is franchised and has a capital of Mex. $17,270,595 of which Mex.$17,182,006 is paid up. The franchise for its construction was granted to the Compagnie Generale des Chemins de fer et Tramways de Chine. 260 miles of extension to Sianfu was originally granted to two Chinese provincial companies. The first Section of 115 miles was redeemed by the Chinese Central Government in 1914.

The amount at credit for the cost of the railway was Mex. $16,537,779 and of this sum Mex. $16,300,117 has already been disbursed. Passenger receipts for the first five years working were: Mex. $273,489; $303,960; (No record); $482,097; $537,313. Freight receipts in 1911 and 1912 were Mex. $261,348; and Mex. $274,960, and in 1914 and 1915 Mex. $547,388 and $485,377 respectively.

The general working expenses in 1911 and 1912 were Mex. $465,179 and $524,741 and in 1914 and 1915 were Mex. $464,464 and $606,426 respectively.

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But on the other side are notable facts and tendencies that we wish to emphasize, to which we cling for the sake of long and treasured friendship with the Japanese people and in the firm belief that this cloud of Prussian despotism will presently be dissipated from their destinies. Nothing could be more noticeable than the tone of leading Japanese papers during the past few days. We said on Tuesday that the Japanese public had been singularly slow to rouse over the Nikolaievsk incident. And here is the Osaka *Asahi*, not at all crying for vengeance, but vigorously opposing the occupation of Saghalien, Harbarovsk and Vladivostok, and even saying openly that Nikolaievsk was no more than Japan ought to have expected.

"The proposed measures," the journal says "serve no other purpose than to drive the country further in the wrong direction because the Nikolaievsk incident was largely the result of a mistaken Siberian policy. The Japanese people at home do not approve such measures, which must deepen the suspicions of foreigners abroad, besides entailing huge expenditure for an indefinite period."

The additional military budget — demanding an appropriation of Y.134,000,000 for the present year and how much for years to come no one can say, but involving more income-tax, more wine-tax and suspension of the redemption of domestic loans— calls forth the strongest protests. Nor does the government's clumsy device of coupling the improvement of communications, promoting of education and encouragement of industry with the "perfecting of national defence" (against whom indeed?) at all deceive the critics. Here is the latest from Osaka, dated July 5:

The *Osaka Mainichi*, censures the government's financial policy, which was announced in the Diet on Saturday. The journal says that there is nation-wide opposition to the proposed increase of taxes and points out that, although the Finance Minister "dexterously camouflages it," it is military expansion which necessitates the increases in taxation. The expenditure on the improvement of railways, telephones and telegraphs, etc., it continues, is insignificant, compared with the proposed military expenditure. The journal expresses the gravest misgivings with regard to the "so called military expenditure," which, it states, is almost the same amount as that proposed at the last session. The "*Mainichi*" contends that such expenditure should be greatly curtailed, if the government announcement of the withdrawal of troops from Siberia is to be carried out.

These are strong sayings, the weightier in coming from the headquarters and very temple of all Japanese industry. Moreover they ring true: and in conjunction with them we would recall the amazing vote cast at the last general elections in favour of universal suffrage. Nor is there any want of Liberal leaders, of younger men of high position and indisputable sincerity who, on ideal grounds, are as deeply opposed to militarism as, for the practical inconvenience of it, commerce begins to be. Only, as yet, these finer minds appear to be all but powerless. So we see Japan at the parting of the ways, as we can look back through the years and see Germany, when Treitschke's evil genius drove him to pour forth those flaming lectures which made Berlin mad. But the world is wiser now and if the Japanese people are not wiser than the Germans were, at least they cannot be untouched by the universal demand for justice, peace and the shattering of tyrannies in every form, for which mankind is striving through the mirk and

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torment of reconstruction and disputatiousness. How the Japanese people will free themselves from their Prussian monster we do not know. But their friends at least will not be so false to them as to refrain from plain speaking. The mistake that was made in Germany's case of prophesying smooth things continually must not be repeated. The power that dominates Japan to-day is untrue to all her history and traditions, to her high name for honour and her ancient spirit of chivalry. And as fully as that fact is recognized in their hearts by all the best men in Japan, so must it unflinchingly be faced abroad, so that by every means available the true Japan may be aided in the work of reasserting her dominion.

The Anglo-Japanese Treaty

From The San Francisco (Chronicle)

Japanese opinion, says the *Asian Review*, a magazine declared to be owned and edited entirely by Japanese, sees little warrant for renewal of the Anglo-Japanese alliance, now about to expire. This compact, it says, was a product of the militaristic spirit of the old days, and the new world, it argues, has no place for such warlike leagues.

We are not so sure that militarism is as dead in Japan as the *Asian Review* says it is. On a cautious reading of that magazine we find it full of Japanese propaganda. We find also in its list of supporters a great number of the leading men of the government. What more natural than that the Review should be offering for British consumption a Japanese indifference to further alliance? This explanation seems the more reasonable when we find throughout the rest of the magazine much scary talk of the danger to India from Bolshevism and Indian nationalism.

It is to be remembered that Britain's interest in the Japanese alliance was the protection of India and her Chinese spheres of influence from Russia and Germany. Japan's was security from these same two powers in their East Asiatic aspect. So far as Japan is concerned Germany no longer exists. The *Review* takes pains to point this out. As for Russia we find the *Review* openly advocating an understanding with the Soviet government.

Thus artlessly diplayed these various considerations may well be intended to whet England's anxiety and to heighten the generosity of the mood in which she will come to the revision of the alliance. It is true that the attitude of the *Asian Review* does not quite correspond with that of Count Okuma, who is quoted as saying Saturday that the alliance is more than ever necessary. But when we read on we find Okuma's view of the necessity founded on danger in China, Siberia and India, "particularly the latter." Thus, from the Count's words also, we may read that if the alliance is "more than ever necessary," it is Great Britain that needs it.

But, on the other hand, Great Britain also may find means to oppose an equal indifference to that apparently put forward by the Japanese. In a military alliance, such as this is and probably would continue to be, the essential question is: Who are the allies combining against? There are the Bolsheviki, of course, but who else? It cannot be the United States. Assurances have been given in the British Parliament that in any renewal of the alliance the United States must be specifically excepted as an enemy against whom Britain would aid her Japanese ally. This is not due to friendly consideration for the United States. It rises out of consideration for keeping Canada and Australia in the empire. The

immigration question is the only one that can bring Japan and the United States to blows, and on the immigration question Australia, Canada and the United States are one.

It may be recognition of this fact that Great Britain cannot be brought into a compact to join Japan in a fight with the United States that moves both the *Asian Review* and Count Okuma to propose a triple alliance, with the United States as a party. That would strengthen the combination against the Bolsheviki, and, what is more important, would, if cunningly handled, tie the hands of both the United States and Great Britain against interference with Japanese schemes of conquest in China and Siberia. It may have occurred to the Japanese that by compacting with England and America to assume for them the burden of resistence to Bolshevism Japan may be able to free her own hands in Northeastern Asia. However, Japan has yet to convince the United States that we are threatened by Bolshevism in Siberia.

England, too, will have to convince Australia and Canada that the alliance, if renewed, will place nothing in the way of Oriental exclusion. If anything, the two dominions are more set than we are on barring Orientals, including Japanese. With Australia solidly barring even British Oriental subjects and Canada putting a prohibitive landing tax on them it is more than unlikely that either of them will-concede anything to Japan.

American Firms in China

MERCHANTS in China will probably not need to be told that rumors regarding the status of foreign firms in this conntry have been on the wing for some time past. These fabrications have been to the effect that this firm is in low water, that that firm has been hit so hard as to be compelled to close down, and that the other has been reducing its staff because it cannot meet expenses. Curiously, concerns thus referred to have always been American firms. In Tientsin, owing, it is alleged, to the machinations of the Chamber of Commerce of a certain nation there, some of the American corporations doing business have been so flagrantly libelled that legal action has been instituted. The American Chamber of Commerce of Shanghai has also considered it necessary to take the matter up. Now, we have no axe to grind; we merely wish to sift the facts and publish the truth. That most of the rumors are ridiculous is at once obvious to the man who thinks; but the rub comes when men do not think for themselves, and this applies often to the people whom these rumors are intended to impress —the Chinese. A week or so ago, therefore, the secretary of the American Chamber addressed a communication to the Chinese Chamber of Commerce, in the course of which it was said :—

"In is not necessary for us to go into details regarding the financial stability of American firms in this field. Since 1915, or in the last five American companies have withdrawn from this field, and in all cases they were new firms recently established, and in only three cases were they members of the American Chamber of Commerce of China.

"In view of the many rumors now circulating in the Shanghai business circles, our body will esteem it a favor if your members will report to our body such reports that come into your possession, or, in case there are adverse

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The Peking-Hankow route joins at Fengtai the main line of the Peking-Mukden Railway, by means of which this line is connected with the railways in Manchuria, Korea, Japan and Siberia, while steamer facilities at Hankow bring it into easy communications with the Yangtze River ports and Shanghai.

From the Capital of Hankow the journey occupies 34 hours, by the daily through train which is provided with up-to-date sleeping and dining accommodations.

Chikungshan Mountain (Summer Resort). Not many Summer Resorts in China inland can bear comparison with the natural charming views that reward those who ascend the mountain of Chi Kung Shan whose summit stands at an altitude of 1980 ft. On reaching Sintien Station, situated 110 m. from Hankow, a serpentine road climbs the mountain, on top of which are hundreds of beautiful bungalows awaiting vacationists. This popular resort is celebrated for its scenery, where an almost unbroken communion with nature can be enjoyed for a week at a time.

Hsi Ling or Western Tombs. With their present-day accessibility, there is now little excuse for visitors to Peking omitting a trip to the Western Tombs, undoubtedly one of the most impressive sights in China. The site of these beautifully adorned Imperial Tombs is close to Liang Ko Chwang station, 79 m. from Peking, which is reached by a Branch-line formerly built for the exclusive use of the Imperial Sovereigns when visiting the Tombs of their ancestors. The Western Tombs include the mausoleums of four Manchu Emperors and three Empresses, as well as those of a number of Princesses. The region is justly appreciated for the charming scenery surrounding the Imperial Tombs and is highly recommended to any one in search of the extraordinary and beautiful.

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reports regarding individual American firms, we shall be pleased to supply your body with exact information backed by proper bank references, where obtainable, regarding the firm in question. Also, in view of the great number of new companies opening offices here, we shall be pleased to supply you with reliable information regarding the standing and financial connections in any cases where you desire this information, and where we are able to obtain same."

The above is a fair statement made to the Chinese, and the only thing to be regretted is that these rumors made its publication necessary.

Those of us who have lived in China long enough know that America's trade has not always been as large as it is now—we do not, of course, include that period in the early days of China's foreign trade when American merchants did pretty well as they liked here in China. The following figures will speak for themselves, and will doubtless be a surprise to many :—

		China's Total Foreign Trade.	America's Share (including Hawaii).
1907	Haikwan Taels	680,782,066	63,501,136
1908	,,	671,165,881	65,069,763
1909	,,	757,150,881	65,052,794
1910	,,	843,798,222	57,088,325
1911	,,	848.842,109	74,788,532
1912	,,	843,617,434	71,247,573
1913	,,	973,468,403	73,077,499
1914	,,	925,468,011	81,444,719
1915	,,	873,336,885	97,622,706
1916	,,	998,204,261	125,904,504
1917	,,	1,012,450,404	155,747,006
1918	,,	1,040,776,113	135,820,249
1919	,,	1,277,807,092	211,355,383

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It will, therefore, be seen that America has made great strides in the trade of China. Obviously the war presented an unprecedented opportunity for her to do so, and, quite as obviously it is the right of American merchants now to strive to maintain that trade. Then, America's export trade is vastly different from what it was. We know that before the war it was scarcely worth considering. If domestic trade was good, manufacturers gave no heed to export trade; they had no need to, for America's own huge demands kept her plants busy. But as soon as domestic trade slumped, the manufacturer considered it worth his while to get some business overseas, which, he automatically neglected as soon as domestic trade revived. Then came the war, with its resultant wealth to America. Her bulk production she speeded up, she provided her own bottoms, she organized her own banking, and practically forced herself into export trade. Special legislation was passed to facilitate trading overseas. Her merchants went far afield and spent big sums in endeavoring to achieve in the shortest possible time that which other exporting countries had taken decades slowly to accomplish. It was natural that China should attract Americans. They came here in force, and, with typical native enthusiasm, were under the impression that methods of doing business in America would similarly succeed in China—which they do not altogether. However, they came radiant and full of hope. Most have "made good"; others, as was natural, have not been able to stand the strain, although, so far as we can see, no more Americans have suffered from the vicissitudes of trade than any other nationals. Some indeed have given proof of being able to build up and sustain exceedingly well-managed and successful concerns.

Moreover, we are sure Americans will allow us to say that it is notorious with them that nothing succeeds like success. That which does not rapidly succeed is obliterated. Several firms doubtless came into the China market quite ignorant of the particularly peculiar conditions which govern trade here; this is the class that cannot last long, and sooner or later they must go out of business. It is also possible that some firms have wrongly estimated the consuming power of this market, and now regret that they started with elaborate systems and a big overhead; without the backing, this is a wrong policy. Other American firms, however—to mention their names would be invidious—having the backing, have penetrated fast and far, and in the end will win a big trade. The rumors about such firms as these, therefore, are unclean. To the man who will think, it is impossible to imagine that a great industrial country like America will not offer keen competition in Far Eastern markets. That competition has come, it will develop, and will ultimately be good for trade generally. It is our duty, therefore, as China's international commercial organ, to give the lie to the rumours referred to. From Finance and Commerce (British), *Shanghai.*

Silver and The Far East

The great fall in silver is due to the serious position of Far Eastern trade says a recent London dispatch to the *New York Evening Post.* Chinese exports are practically at a standstill, the Japanese situation being a contributing factor. China was the sole support of the silver market four months ago. Now China is a seller.

Large supplies of melted continental silver coin continue to come on the market. The Bank of France has apparently sold part of its silver stock in London as imports of the metal from France this year exceed 5,250,000 ounces and the Bank of France return shows a loss of 25,000,000 francs in silver in the same period. India took nearly 3,000,000 ounces from England in May, and that country's requirements are apparently satisfied. In addition, India has taken over £15,000,000 in gold this year in the attempt to reduce the price of the rupee by sales of gold, which was partly achieved.

The attempt to place the rupee exchange officially at 10 rupees to the gold sovereign is now an evident failure. The adoption of the Indian Exchange Committee's report, recommending this ratio, was panic legislation on the assumption of the permanence of abnormal war conditions. Indian trade is unable to support such a high exchange ratio. The Indian government continues to sell London drafts at the rate of 2 shillings 5⅛ pence, while the bankers' rate is 2 shillings, ¾ penny, owing to the enormous demand.

This indicates that there is no faith that the two-shilling rupee will be maintained. The committee did not foresee that the fixing of a high rate would cause the withdrawal of capital from India, which still continues.

The fall in price of silver affects the prices of eastern produce and may have an important bearing on the cost of living. It also affects the export trade, causing dullness in textile issues.

The following is a summary of the situation in the United States as given in the same journal.

Considerations bearing on Oriental trade especially the trade of India and China, at once came to mind in connection with the break in silver prices. For the ten months ending with April, the United States had an adverse trade balance with China totalling $91,000,000, while America had bought from India $76,000,000 more goods than had been shipped to that country. The question remains, however, how far the balances due to these countries by the rest of the world have been liquidated by shipments of silver and gold and how far Chinese speculators themselves have been responsible for the break in silver by selling their stocks, which are known to be large.

Two influences are to be kept in mind in connection with the position of the silver market. One is that in the year ending with May, 1919, the United States Treasury added 200,000,000 ounces to the world's available supplies, having furnished this amount to the British government by melting down more than 260,000,000 silver dollars, as provided in the Pittman Act.

The other factor was the very general misapprehension as to the further operation of the Pittman act. It was assumed in many quarters that when the price of silver fell to $1 an ounce, our Treasury would at once become a large buyer to replace the silver dollars melted down. But the law plainly provides that purchases shall only be made "of the product of mines located in the United States and of reduction works so located." Even in connection with these purchases, it has thus far been difficult for smelters and dealers to comply with the Treasury's requirements as to certifying the origin of metal.

International Banking Corporation

CAPITAL AND SURPLUS: $10,000,000

UNDIVIDED PROFITS: $500,000

OWNED BY THE NATIONAL CITY BANK OF NEW YORK.

Head Office: 60 Wall Street, New York

London Office: 36 BISHOPSGATE E. C.

Lyons Office: 27 PLACE TOLOZAN

San Francisco Office: 232 MONTGOMERY STREET

BRANCHES:

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CANTON
HANKOW
HARBIN
HONGKONG
PEKING
SHANGHAI
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DOMINICAN REPUBLIC
BARAHONA
PUERTO PLATA
SAN PEDRO de MACORIS
SANCHEZ
SANTIAGO
SANTO DOMINGO

INDIA
BOMBAY
CALCUTTA
RANGOON

JAPAN
KOBE
YOKOHAMA

JAVA
BATAVIA
SOURABAYA

PANAMA
COLON
PANAMA

PHILIPPINES
CEBU
MANILA

STRAITS SETTLEMENTS
SINGAPORE

BRANCHES OF
THE NATIONAL CITY BANK OF NEW YORK

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ONCE (BUENOS AIRES)
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SANTIAGO
VALPARAISO

COLOMBIA
BARRANQUILLA
BOGOTA
MEDELLIN

CUBA
HAVANA & 22 OTHER CITIES IN CUBA

ITALY
GENOA

PERU
LIMA

PORTO RICO
PONCE
SAN JUAN

SOUTH AFRICA
CAPE TOWN

SPAIN
BARCELONA
MADRID

TRINIDAD
PORT OF SPAIN

URUGUAY
MONTEVIDEO
CALLE RONDEAU (MONTEVIDEO)

VENEZUELA
CARACAS
CIUDAD BOLIVAR
MARACAIBO

Commercial and Travellers' Letters of Credit, Bills of Exchange and Cable Transfers bought and sold. Current accounts opened and Fixed Deposits in local and foreign currencies taken at rates that may be ascertained on application to the Bank.

Foreign Interests in China

Finance and Commerce publishes the following table showing the number of firms in China in 1914, 1918, and 1919:—

	1914		1918		1919	
	Firms	Persons	Firms	Persons	Firms	Persons
American	136	4,365	234	5,766	314	6,660
Austrian	19	202	16	271	5	27
Belgian	15	173	20	360	20	291
Brazilian	—	—	1	16	—	—
British	534	8,914	606	7,953	644	13,234
Danish	13	330	23	475	27	546
Dutch	14	218	24	377	25	367
French	113	1,864	156	2,580*	171	4,409*
German	273	3,013	75	2,651	2	1,335
Hungarian	2	16	—	7	—	11
Italian	36	409	36	535	19	276
Japanese	955	84,948	4,483	159,950	4,878	171,485
Mexican	1	1	—	—	—	1
Norwegian	9	258	11	279	12	249
Portuguese	32	3,187	43	2,417	93	2,390
Russian	1,237	56,319	1,154	59,719	1,760	148,170
Spanish	23	279	9	298	8	272
Swedish	4	216	3	530	4	632
Non-Treaty Powers	5	95	36	343	33	536
Total	3,421	164,807	6,930	244,527	8,015	350,991

*Including 918 Proteges.

Commercial and Financial Notes

Chinese owners of tungsten mines in south Hunan, according to U. S, government reports, are desirous of obtaining approximately $300,000 of capital for devlopment purposes.

The 1920 crop of cotton in the United States will probably be smaller than any of the short crops of the past five years, according to recent advices, due to a farm labor shortage in the Southern states.

The Canadian Mercantile Marine, the shipping corporation of the government, is planning to establish lines from San Francisco, and British Columbia to India, according to a recent report. This line follows close on the establishment of an Australiasian line.

A steadily growing demand for foreign paints, varnishes, lead and color is reported from the Tientsin consular district. Paste and ready mixed paints are said to be most popular. Railways are offering good markets for varnish and anti-corrosive paints for iron and steel.

Rice growers in the United States are exporting ten times as much domestic rice as in the year before the war, according to the *Nation's Business*, and are receiving three times as much money for it. Increased production and the favor with which the product has met in other countries are said to be the underlying causes.

Better railroad conditions and a generally better outlook has given added interest to the tea market in the United States, according to a recent issue in June of the *New York Commercial*. Interior buying has created the increased demand. Arrivals from the Far East have been small and the spot supplies of desirable teas are not large.

The formation of more than 20,000 companies in Japan since the outbreak of the war, with an aggregate capital of 4,000,000,000 yen is reported by the British commercial secretary at Tokio. Many of these companies, it is said, are far from being sound, and authorities are preparing legislation to suppress the sale of questionable stocks.

A ban has been placed on the importation of stocks, cuttings, scions and buds of fruit which are capable of propagation from Asia, Japan, the

Philippines, New Zealand and Oceania by the United States Secretary of Agriculture in order to prevent the introduction of dangerous plant diseases into America. The order became effective June 1.

The United States is now leading the world in the manufacturing and exportation of artificial teeth, according to New York. The present value of this manufactured product in the United States is approximately $8,000,000 a year. A considerable portion of this is for export and the Far East is becoming an increasingly profitable market in the trade.

The establishment of a school by the United States government, comparable to Annapolis and West Point, for the training of young men for the diplomatic and consular service, is now being fathered in the United States by Representative Rogers, of the House Foreign Affairs Committee, as a part of a comprehensive plan for reorganizing the State Department.

The annual meeting of the Bukit Toh Alang Rubber Estates, Ltd.,was held Monday, July 12, at the offices af the company, Shanghai. The purchase of new lands and development of activities were written off from the profit and loss account and the balance carried forward. The appointment of J. A. Welch as a director was confirmed, and N. G. Maitland reelected to the board.

Merchant steel-ship building on a commercial basis in the United States shows steady progress, recent advices say. On January 1, 1920, American shipyards were building, or under contract to build, for private shipowners, 165 steel vessels of 679,170 gross tons. On February 1, the total was increased to 183 vessels of 791,911 tons, and on March 1, the total was 247 vessels of 947,193 gross tons.

The first meeting of the new International Banking Consortium, recently perfected by Thomas W. Lamont of J. P. Morgan and Company of New York, after a visit to the Far East, will be held in New York in September, according to an announcement made by Mr. Lamont on his arrival in that city. Mr. Lamont said that in all probabilities no large loans would be made to the Chinese government and that nothing would be done until after the September meeting had been held.

In order to stimulate a better understanding between the United States and Central and South American countries, an exchange of students with Latin-American universities, is being planned by the University of California. The plan was originated by the Chamber of Commerce of California and it is expected that schools and colleges in other sections of the nation will become interested in carrying it out. In passing it might be well to establish a similar arrangement with some of the schools of the Far East.

The tenth annual meeting of shareholders of the Pengkalan Durian Estate was held Friday afternoon, July 9, at the offices of the company, Shanghai. Resolutions were adopted authorizing the paying of a dividend of Tls. .35 a share on 30,000 shares, paying a bonus of Tls. 101.50 to the manager and carrying forward Tls. 2,235.77, disposing of a total to the profit and loss account of Tls. 12,837.27. The appointment of G. M. W. Hummel as a director was confirmed and L. E. Canning was reelected to the board.

The ginger trade of Hongkong has been brisk for some time past, but the supply of the root is still large, the last crop having been one of the best on record. The sugar shortage has had an adverse effect on the trade in some respects, but the orders have been very large during recent months. The coming crop of ginger has been priced at $15 and $23 per picul of 133 1-3 pounds. The exportation of Chinese bristles from Hongkong, on the other hand, has shown a tremendous falling off during the past year as a result of exchange. While the value of bristles shipped from Hongkong in 1918 amounted to almost $1,500,000, the shipments in 1919 did not exceed $225,000 in value.

Current Market Reports

Weekly and Monthly Conditions and Quotations of China's Principal Markets

Weekly Cotton Market Report

By A. B. Rosenfeld & Son

China Cotton.—Since our last week's circular, in which we advised conservative operations, the market has not experienced any advances of consequence, fluctuations being chiefly due to speculators.

Aside from the local speculative features, the chief development of the week has been the cheery weather reports throughout the principal cotton growing centers. With the exception of Shantung and Chihli Provinces, the outlook is bright. Unless the conditions should change materially, we see no reason for a permanent improvement in prices, and while it may take some time before the tide will turn, our advice is to take advantage of the market and sell.

Japan:—We have no doubt the following report dated June 25, will be of great interest to the trade:

Stocks of Cotton undelivered, unsold and warehoused in:—

Kobe	361,536	Bales
Osaka	185,658	,,
Yokohama	7,624	,,
Total	554,818	,,

American Crop:—The latest advices to hand are concurrent crop improvements. The government report is very encouraging indeed. The condition of the growing crop is 71% of the normal crop, and the outlook indicates 11,500,000 bales.

Indian Crop:—Progressing favorably. Good showers will be very helpful.

YARN—The market during the past week has been firm. Both spot and forward positions have appreciated considerably. Some 30,000 bales of all chops of local products have been booked. Deliveries for Yarn and Cloth are quite brisk, and considering the unusual time of the year, July/August being the slack months of the season, both for new business and deliveries, the situation can only be summed up as phenomenal. It has been reported that 6,000 bales of various counts and chops of local products have been bought up for shipment to India.

SAMPIN:—Has been in the steady upward trend and, from recent telegraphic advices from Japan, conditions generally are looming up and the future prospects are more than encouraging.

Liverpool, July 2, 1920.

Liverpool Market :—

Egyptian Fully Good Fair Sakellaridis.....68.00 Pence
M. G. Fine Scinde and Bengal .....11.50 „
Good Middling American, Spot.....25.81 „
„ „ „ July .....23.68 „
„ „ „ October .....22.37 „
Market :—*Steady.*

New York, July 8, 1920.

New York Market :—

October .....32.84 Cents
December .....31.20 „
January .....30.60 „
Spot.....40.50 „
Market :—*Steady.*

Bombay, July 8, 1920.

Indian Market :—

Broach July/August .....Rps. 454 per Khandy
Fully Good Bengal, July ... „ 207 „ „
Fine Comra, July .... „ 273 „ „
Market :—*Steady.*

Shanghai Market :—

Shensi Spot.....Tls. 32.00
Tungchow Spot Ex-wharf..... „ 34.00
„ Nov./Dec..... „ 30.75
Shanghai Spot..... „ 28.00
„ M-Ginned, July..... „ 28.50
Tone of the Market :—*Steady.*

Weekly Silk Market Report

By Villa Brothers

Reports from Europe and America continue discouraging. There is also very little doing on the Japan market. Prices are irregular and Shinshius are quoted at Yen 1300. It was expected that, the suspension of the traffic along the Shanghai-Nanking Railway, would incovenience Shanghai Reelers. Fortunately General Li Shun, Tuchun of Kiangsu Province and General Lu Yung-hsiang, the Military Governor of Chekiang, have effected a compromise and withdrawn troops from the vicinities of Quinsan, Henli and Lukiapang, about 30 miles from Shanghai.

Prices for China Steam Filatures show very little change, but if the market continues quiet for another month and deliveries of old contracts near completion, lower prices may be expected.

China Steam Filatures Grand Extra Chops... Tls. 1230
„ „ „ Extra Chops..... „ 1050
„ „ „ Medium Chops ..... „ 950

Tussah :—Prices remain unchanged and without enquiries since the last purchase of Best Chops at Tls. 390.

Tussah Best Chops.....Tls. 390
„ Market Chops ..... „ 370

Tsatlees :—Holders are becoming more convinced of the weakness of foreign markets and willing to make slight concessions on firm orders.

Tsatlee Best Chops.....Tls. 800
„ Market Chops..... „ 760

Monthly Timber Market Report

By The China Import and Export Lumber Co., Ltd.

In view of the receipt of cable advices from the Pacific Coast indicating that the Lumber market has somewhat relaxed, the price of Oregon Pine Planks and squares has been reduced to Tls. 75. basis rate—effective from July 10, 1920.

Shanghai Exchange for week ending Wednesday, July 14th, 1920

By Maitland, Fearon and Brand

Exchange :—After touching 54d. on the 9th inst. the London price of silver fell to 52¼d. on the 10th inst., but has again recovered to 53⅝d. i.e. 1⅜d. higher than last week's closing quotation. The rate for forward silver has ruled 1⅛d. below the "spot" prices quoted above.

Our exchange market has been dull throughout the week. The Gold dealers again made sales of T/T on London and after remaining unchanged at 5/0 T/T on London, the official quotation was raised on the 13th inst. 2d. to 5/2. Since the rise the market has bsen on the easy side. To-day the gold dealers are inclined to buy and the market closes weak.

Local stocks of Silver are reported as follows :—

Sycee and Bar Silver .....Tls. 37,945,000 an increase of Tls. 1,625,000
Chinese and Mexican Dollars ..... $ 20,240,000 „ „ „ $ 490,000
Estimated total value in Taels 52,700,000 an increase of Tls. 200,000.

†	Average rates for June.	Thursday July 8	Friday July 9	Sat. July 10	Monday July 12	Tuesday July 13	Wed. July 14
Bk's selling rates		*opening closing*	*opening closing*	*opening closing*	*opening closing*	*opening closing*	*opening closing*
T/T London	5/0.240	5/1 5/0	5/1	5/0	5/0	5/2	5/2
D/Dfts. „	—	5/1¼ 5/0¾	5/1⅜	5/0¾	5/0¾	5/2⅛	5/2¼
4m/s „	—	5/1½ 5/0½	5/1½	5/0½	5/0½	5/2½	5/2⅝
T/T India	253.120	275½ 273	274	262	262	275	275
T/T France	1254.600	1170 1160	1195	1185	1175	1225	1215
T/T N. Y.	98.970	100¼ 98½	100⅛	98½	98½	102	101½
T/T H'kong	72.890	72 72	72	72	72	71⅞	71½
T/T Japan	52.550	51½ 52½	51½	52½	52½	50⅜	50¾
T/T Batavia	261.160	272½ 267	269	265	263	272½	272½
T/T Straits	46.140	45⅞ 46⅛	45¾	46½	46½	44¾	44¾
Bk's buying rates							
4m/s B/L. Cred, D/A	5/4.360	5/5 5/4	5/5	5/4	5/4	5/6	5/6
6m/s „ „	5/5.620	5/6¼ 5/5¼	5/6¼	5/5¼	5/5¼	5/7¼	5/7¼
4m/s „ D/P	—	5/5¼ 5/4¼	5/5¼	5/4¼	5/4¼	5/6¼	5/6¼
4m/s „ „							
4m/s B/F. C., D/A, D/P	1404.600	1320 1310	1295	1285	1275	1325	1315
4m/s N.Y. Lc.	107.530	108¼ 106½	108½	106½	106½	110	109½
4m/s „ Docs	—	109 107¼	109¼	107¼	107¼	110¾	110¼

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling.	July 8	July 9	July 10	July 12	July 13	Jnly 14
Bullion.						
***London** Price of Bar Silver per oz. (English Standard 925 touch) Pence.	52½	54	52¼	52⅜	53⅛	58⅜
Shanghai Price of Gold Bars (weight Tls. 10 (Chauping) 978 touch	Tls. 240.20	Tls. 239.00	Tls. 238.50	Tls. 236.00	Tls. 237.80	Tls. 237.00
Shanghai Silver Bars (weight Tls. 100 (C.) 999 touch)	111.00	111.00	111.00	111.00	111.00	111.00
Shanghai Mexican Dollars per $100	72.95	73.80	73.45	74.60	73.60	73.
Native Bank Rate of Interest (Callmoney)	2%	1½%	2%	3%	4%	3%

*Closing Price in London for Previous day.

Bank of England rate of discount	7 %	London on Paris	T/T 47
Bank of France rate of discount	7 %	London on Germany	T/T —
London open Market rate of Discount	3 m/s. 6 1/16 %	New York on London	T/T 3.94
„ „	4 m/s. 6 3/16 %	Bombay on London	T/T 1/10
„ „	6 m/s. 7 %	Hongkong on „	T/T 3/8
		Yokohama „ „	T/T 2/7⅞

New Books and Publications

A Guide Book for Shanghai

Shanghai: A Handbook for Travellers and Residents, by the Rev. C. E. Darwent, late Minister of the Union Church, Shanghai. Shanghai: Kelly & Walsh, Ltd. Mex. $3.00.

THE thing which makes this book important is the fact that it is a systematic handbook and guide for the residents as well as for the tourists who visit Shanghai and it is not a history. It will meet the needs of the tourist and the need of the residents who have long made enquiries for such a volume and felt the demand of such an edition. Rev. Darwent, who was late Minister of the Union Church, Shanghai, has carefully collected a wealth of information concerning the chief objects of interest in and around the foreign settlements and native city and has published it in book form with maps and illustrations. He has included some introductory information regarding pidgin-English which proves a help to the newcomer who is making a tour of the port. As the author suggests, a good rule for visitors to Shanghai and the treaty ports is to try the natives with ordinary English first; if that fails, speak pidgin-English. The dignity of the Chinese is much ruffled if he is addressed in pidgin when he understands ordinary English. A list of useful sentences are given in English, and translated, as it were, into pidgin for the person. His explanation of the money used in China will be additional valuable information for the traveller. In compiling this information the author has grouped the information about the sights under heads—placing all information about temples and clubs, for instance, together and as he states this saves continual reference to the index.

Some of the information included in the introduction is that regarding banks, hotels, consulates, post and telegraphic offices, newspapers, periodicals, ricshaws, livery stables, garages, shipping communication, European stores, and tramway routes in the settlements. Chapter II deals with routes of chief objects of interest in the International Settlement from The Bund, taking in Nanking Road, western country roads, Hongkew district, and to the Point. The French Settlement, excursions to the Chinese quarters of the city, and outside excursions to nearby places. The main institutions and associations of all nationalities are dealt with in Chapter III, giving information concerning the administration of the settlement by the Municipal Council, the various churches, missions, schools, theaters, police, lists of premises used as temples and other information. The clubs of the British, American and French communities, and those having an international membership are listed in Chapter IV. A descriptive and historical sketch of Shanghai is given in the concluding Chapter V, outlining the physical features of Shanghai, meteorology, native city, foreign settlement, conquest of Shanghai, The Taipings, 1870 to 1919, government of the International Settlement, French Settlement, and American Settlement. The residents as well as the travelers of Shanghai have Rev. Darwent to thank for a reasonable presentation of facts printed in this well bound book that is valuable as a guide to the city of Shanghai. M. C. P.

At the Shanghai Hotels

The following guests have registered at the Astor House Hotel during the week: A. A. Balakskin, Hongkong; F. H. Ciqson, Hongkong; D. C. McEwen; L. Arkian; A. Hawett, Kobe; M. Thomsen, Yokohama; A. E. Clans, New York; Mr. and Mrs. H. W. Toulmin; R. B. Cort; G. Wilson, Tientsin; G. Reaburn, Nanking; Maj. and Mrs. Bush; Mrs. R. N. Stopford, Hongkong; M. Seekirk, Bombay; W. R. H. Wait, Madras; A. E. Peterson, Colombia; Miss J. West, Los Angeles; H. M. Young, London.; Col. Hess, Peking; E. F. McCorata, Tientsin; W. Finn; C. J. Johnston; Mr. and Mrs. R. W. Conant, Shanghai; Dr. N. Stenarskoff, Tsingtao; J. H. Clarke, Chefoo; H. J. Towlson, Chefoo; H. J. Eddo, San Francisco; S. Zimmermon; C. Nall, Boston; E. C. Bheck, Durham; Er. and Mrs. J. B. Hood; Mr. and Mrs. C. H. Crocker, San Francisco; Mrs. E. D. Pearson; J. C. Manning, New York; T. Shapiro, Peking; N. E. Neuward, Vladivostok; J. G. Budd, New York; J. Kohn, St. Louis; Mrs W. J. Hanna, Toronto; Mr. and Mrs. Snclair; Mr. and Mrs. D. R. Edoard, New Zealand; Lt. Perotime, Kobe; Mr. and Mrs. E. J. McWhirter, Seattle; W. G. Robbins, Dairen; Mr. and Mrs. L. Lewis, London; P. Anzy, Vladivostock; M. R. Palm, New York; W. G. Lee; J. W. Shannon; W. A. Mason; F. L. Worcester; F. B. Nightingle; P. J. Smeth; W. H. Howes; F. G. Britton; H. G. Bonadaaile; C. B. Potter; Lt. G. C. H. Smith; Sub. Lt. T. L. Aekin; Lt. Com. A. C. Themefield; S. A. Goldtree; W. E. Mann.

The following guests have registered at the Grand Hotel Kalee during the week: A. Vaness; H. L. Gaddum, Yokohama; Mr. and Mrs. E. N. Easton, New York; F. A. Symes, Japan; Mr. and Mrs. Slinkin; M. Slinkin; H. Cheetham, Hongkong; C. W. Gornitzka; Mrs. Meer, Tsingtau; M. Greenfield. Tsingtau; M. Weber, Tsingtau; E. C. Augvstensen, Tsingtau; Chas. G. Potter, London; Geo. Philip, London; Derconess Clare, Hankow; Mrs. L. Hansen; S. D. Main, Hangchow; Catois, San Francisco; B. Bibano; D. B. Sparks; G. Tsclindin, Suisse; W. J. Norton, Manchester; E. Kasachkoff, Kobe; Walter W. Haugh, Kobe; T. Panolsky, Yokohama; C. G. Brown; Mrs. M. sjolander, Gothenburg; Londegrist, Gothenburg; R. S. Larson, Chicago; Major W. Brown, England; J. W. Frager; Rschard A. Baker, New York; Mr. and Mrs. W. P. Miller, Hongkong.

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The United States Court for China

(Established by Act of Congress of June 30, 1906).

JUDGE, Charles S. Lobingier.

DISTRICT ATTORNEY, Chauncey P. Holcomb.

MARSHAL, COMMISSIONER, DISBURSING OFFICER, } Nelson E. Lurton.

CLERK, James P. Connolly.

REPORTER, DEPUTY CLERK, } Bernyece H. Smith.

DEPUTY MARSHAL, Neville Craig.

OFFICE HOURS 9-1; 2-5.

TIENTSIN:

DEPUTY CLERK, Harry A. Lucker.

DEPUTY MARSHAL, William T. Collins.

CANTON:

DEPUTY CLERK, Joseph C. Nardini.

DEPUTY MARSHAL, William R. Lynch.

All Notices, Announcements, Judgments, Orders and other Proceedings appearing in this department of MILLARD'S REVIEW may be accepted as authentic.

Miscellaneous Filings

July 8, 1920; Cause No. 1049; U. S. v. Christian A. Anderson; warrant.

" 8, " Cause No. 920; In re estate of Francis Butler Shaw; final account.

" 9, " Cause 1050; T. C. Dong v. David L. Moss; petition; summons.

" 10, " Cause No. 913; In re estate of F. P. George, deceased; final account.

" 10, " Cause No. 773; In re estate of Jennie L. Cody, deceased; receipts.

" 10, " Cause No. 662; In re adoption of George Fuerbach, (a minor); ruling.

" 12, " Cause No. 1032; The Belgian Trading Co., v. Neuss Hesslein; plea to jurisdiction.

" 12, " Cause No. 1031; Sang Yung Chang v. The Wilkins Bros. Co; complaint.

" 13, " Cause No. 1052; Bertha Marie Bowman v. James A. Bowman; petition; summons.

" 13, " Cause No. 1055; U. S. v. W. G. Hoffman; summons.

" 13, " Cause No. 1053; Sarah Rothstein v. Isadore Rothstein; petition; summons.

July 13, 1920; Cause No. 1054; In re Last Will and Testament of Rev. W. A. Reimert, deceased; petition; will.

" 14, " Cause No. 1049; In re the alleged insanity of Christian A. Anderson; complaint; orders.

" 14, " Cause No. 1056; U. S. v. John James Burns; complaint.

Hearings:

July 5, 1920; Cause No. 1047; U. S. v. A. Zumbella; on complaint; plea of guilty.

" 8, " Cause No. 1048; U. S. v. F. S. Upham on complaint; plea of guilty.

" 14, " Cause No. 1055. U. S. v. W. G. Hoffman; on complaint; testimony of Thos. Elliot; Gonda Singh, Baghan Singh; Amer Singh; E. E. Pilbean taken.

" 14, " Cause No. 1049; In re alleged insanity of Christian A. Anderson; jury empaneled and sworn; testimony of Drs. Julian Petit, A. S. Tenney, and F. B. Baldwin and George Green heard; verdict of jury returned.

Judgments and Orders:

July 9, 1920; Cause No. 1047; U. S. v. Zumbella; judgment.

" 9, " Cause No. 1048; U. S. v. Upham; judgment.

" 10, " Cause No. 1003; Yu Yar Chuan v. Shippers' Commercial Corporation; order granting leave to take deposition.

" 10, " Cause No. 1009; Chin Hsing Hsun v. Shippers' Commercial Corporation; order granting leave to take deposition.

" 14, " Cause No. 1049; In re the alleged insanity of Christian A. Anderson; Order.

" 14, " Cause No. 1049; In re the alleged insanity of Christian A. Anderson; Jury ordered discharged.

NOTICE TO FOREIGN SUBSCRIBERS

Due to the increased cost of paper and the application of the new postal rates to the American Postoffice, Shanghai, the subscription rate of MILLARD'S REVIEW for the United States and foreign countries will be increased from G. $5 to G. $7.50, effective June 1, 1920.

MILLARD'S REVIEW
SHANGHAI

密勒氏評論報

MILLARD'S

REVIEW

OF THE FAR EAST

July 17th 1920

CHINA'S CASE AT THE PEACE CONFERENCE

By Thomas F. Millard

Author of "Democracy and the Eastern Question," "Our Eastern Question," "The New Far East," "America and the Far Eastern Question," etc., etc.

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China's Representatives

at the

Paris Conference

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Hon. Chenting Thomas Wang, *former President of the Senate, Chinese Parliament.*
Hon. Vikyiun Wellington Koo, *Chinese Minister to the United States of America.*
Hon. Sao-Ke Alfred Sze, *Chinese Minister to Great Britain.*
Hon. Suntchou Wei, *Chinese Minister to Belgium.*

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FOREWORD

This compilation of documents concerning the presentation of China's Case at the Peace Conference held at Paris in 1919, with the explanations and criticisms, were prepared by me as a supplement to my last published book, "Democracy and the Eastern Question," which was issued in May, 1919; but circumstances prevented its publication in that form. As, however, it constitutes an almost complete and a continuous narrative, with the documentary evidences, of what transpired at Paris with respect to China, it is believed that its convenience for reference justifies its separate publication at this time.

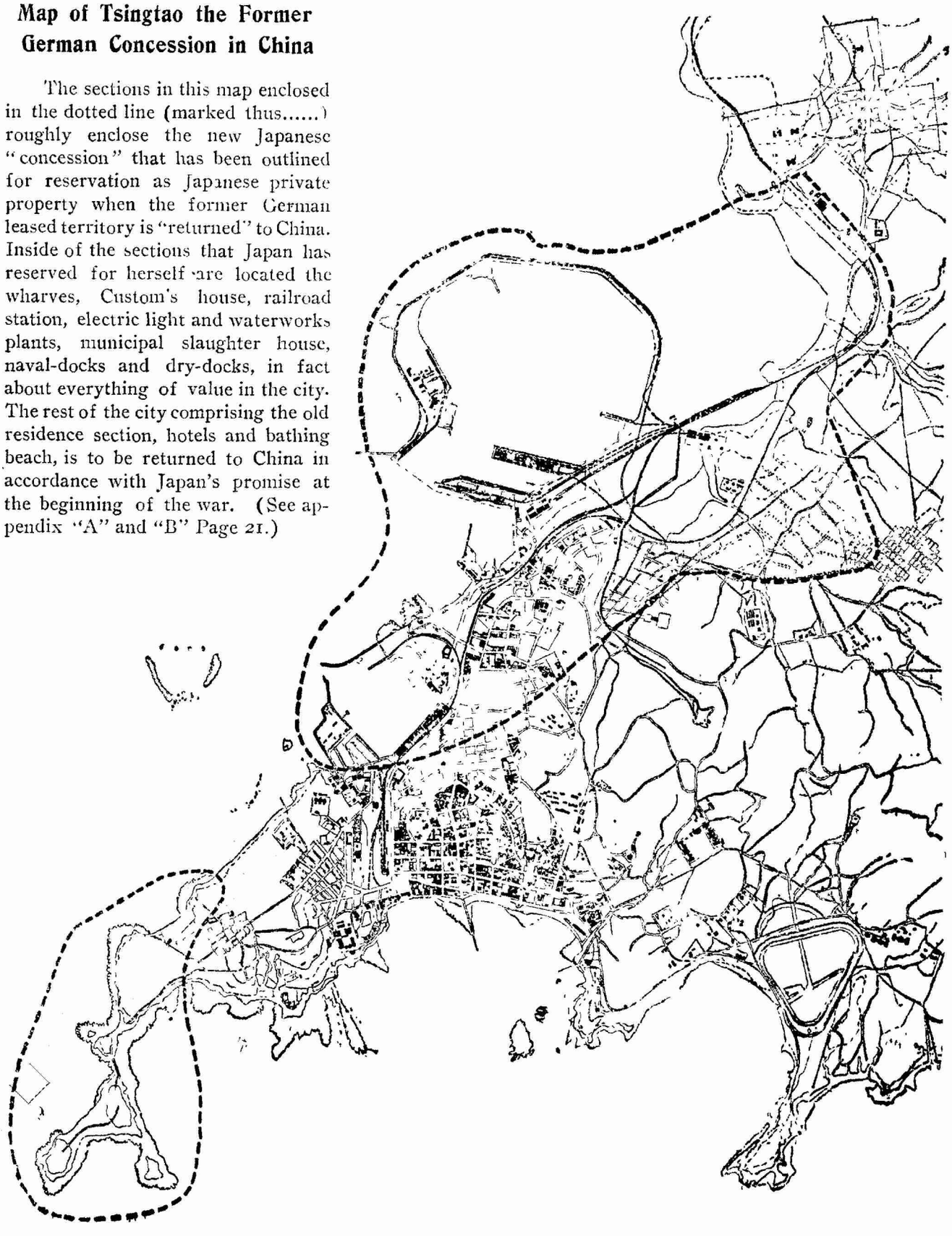
China's case was not closed by her rebuff at Paris. In my opinion, the peace of the world will not be secure until that judgment of the Paris Conference is revised in a spirit of fairer treatment to China. The League of Nations may provide a medium for such a revision; if not, the Powers themselves must undertake it.

Thomas F. Millard

Shanghai, June 30, 1920.

Map of Tsingtao the Former German Concession in China

The sections in this map enclosed in the dotted line (marked thus.....) roughly enclose the new Japanese "concession" that has been outlined for reservation as Japanese private property when the former German leased territory is "returned" to China. Inside of the sections that Japan has reserved for herself are located the wharves, Custom's house, railroad station, electric light and waterworks plants, municipal slaughter house, naval-docks and dry-docks, in fact about everything of value in the city. The rest of the city comprising the old residence section, hotels and bathing beach, is to be returned to China in accordance with Japan's promise at the beginning of the war. (See appendix "A" and "B" Page 21.)



China's Case at the Peace Conference

Paris 1919

THE Conference to formulate a peace to end the Great War was organized at Paris on January 18, 1919.

Early in its proceedings a line was drawn in the Conference between the so-called Principal Powers and the minor nations. In the organization of the Conference the Principal Powers took the position of a supreme court to which the minor nations presented their causes for judgment. The preference of the minor nations was not followed in determining this arrangement: it was arbitrarily decided by the major powers, and the small nations were under various forms of compulsion to accept it.

Soon after the formal organization was affected, the minor nations and nationalities in some cases were called upon to make statements of their positions and claims. In respect to the Asiatic world, only two nations—Japan and China—were accorded full recognition by the Conference, but with this distinction: Japan was admitted as a Principal Power, China as a minor nation. China's population and territorial area are approximately ten times as large as Japan's, and both nations had been belligerents in the Allies group. Other Asiatic nationalities—Egypt, Korea, Arabia, Persia, Siam—clung about the outskirts of the Conference, seeking recognition, and readjustment of their status on the basis of President Wilson's fourteen points and the principle of "self-determination" of peoples.

In preparing its case for presentation at the Peace Conference, the Chinese Government evinced a desire to maintain the close association with the United States resulting from the circumstances by which China entered the war, and soon after the armistice was signed the Peking Foreign Office presented to the American Legation at Peking a summary of the matters that China wanted to raise at Paris. Those matters in effect were the same that I enumerate in eleven articles in Chapter XIV of "Democracy and the Eastern Question," and included a readjustment of all the major vexations of China's international status. The Wai Chiao-pu (Foreign Office) was however informed (whether on the personal opinion of the American minister at Peking, or on instruction from the state department, I do not know) that in the opinion of the American Government it would be inexpedient for China to raise all those questions at Paris, and she would better confine her case at the Conference to questions directly relating to and which were outgrowths of the war. Evidently the American Government felt that for China to bring up at Paris so many and so complex issues would tend to befog the question of making peace with Germany, and might complicate the situation to the disadvantage of China. That was sensible advice, although it turned out rather unfortunately for China.

The Secret Shantung Agreements

An event of great, even of decisive importance to China, was the official revelation of the secret agreements whereby the British, French, Russian and Italian governments had obligated themselves to support Japan's claim to inherit the position of Germany in Shantung province. This disclosure was made at a session of the Council of Ten, so called, on January 27, 1919. On being apprised of the existence of those secret agreements by Baron Makino, President Wilson asked that the texts be provided for the information of the Conference, which was subsequently done. The agreements follow:

DOCUMENTS

RELATIVE TO THE NEGOTIATIONS BETWEEN JAPAN AND THE ALLIED POWERS

As to the Disposal of German Rights in Respect of Shantung Province, and the South Sea Islands North of the Equator.

The British Embassy to the Japanese Ministry of Foreign Affairs

(February 16th, 1917)

Monsieur le Ministre:

With reference to the subject of our conversation of the 27th ultimo when Your Excellency informed me of the desire of the Imperial Government to receive an assurance that, on the occasion of a Peace Conference, His Britannic Majesty's Government will support the claims of Japan in regard to the disposal of Germany's rights in Shantung and possessions in the Islands North of the Equator, I have the honor, under instructions received from His Britannic Majesty's Principal Secretary of State for Foreign Affairs, to communicate to Your Excellency the following message from His Britannic Majesty's Government:

His Majesty's Government accedes with pleasure to the request of the Japanese Government for an assurance that they will support Japan's claims in regard to the disposal of Germany's rights in Shantung and possessions in Islands North of Equator on the occasion of Peace Conference, it being understood that the Japanese Government will, in eventual peace settlement, treat in same spirit Great Britain's claims to German Islands South of Equator.

I avail myself of this opportunity, Monsieur le Ministre, to renew to Your Excellency the assurance of my highest consideration.

Signed: Conynham Greene,
H. B. M. Ambassador.

His Excellency
Viscount Ichiro Motono,
H. I. J. M. Minister for Foreign Affairs,
etc., etc., etc.

The Japanese Ministry of Foreign Affairs to the British Embassy

(February 21st, 1917)

Translation

Monsieur l'Ambassadeur:

I have the honor to acknowledge the receipt of Your Excellency's Note of the 16th instant, giving assurance that His Britannic Majesty's Government will support the claims to be advanced by the Imperial Government in regard to the disposal of Germany's rights in Shantung and possessions in Islands North of Equator on the occasion of a Peace Conference.

The Japanese Government are deeply appreciative of the friendly spirit in which your Government have given the assurance, and are happy to note it as a fresh proof of the close ties that unite the two allied Powers. I take pleasure in stating that the Japanese Government, on their part, are fully prepared to support in the same spirit the claims which may be put forward at the Peace Conference by His Britannic Majesty's Government in regard to German possessions in Islands South of Equator.

I avail myself of this opportunity, Monsieur l'Ambassadeur, to renew to Your Excellency the assurance of my highest consideration.

Signed: Ichiro Motono,
etc., etc., etc.

His Excellency
Sir Conyngham Greene,
etc., etc., etc.

The Japanese Ministry of Foreign Affairs to the Russian and French Embassies

(February 19th, 1917)

Translation

The Imperial Government has not yet formally entered into conversations with the Entente Powers concerning the conditions of peace it proposes to present to Germany, being guided by the thought that such questions ought to be decided in concert between Japan and the said Powers at the moment when the peace negotiations start.

Nevertheless, in view of recent development in the general situation, and in view of the particular arrangements concerning peace conditions, such as arrangements relative to the disposition of the Bosphorous, Constantinople and the Dardanelles, having already been entered into by the Powers interested, the Imperial Government believes that the moment has come for it also to express its desiderata relative to certain conditions of peace essential to Japan and to submit them for the consideration of the Government of Russia (of the French Republic).

The Government of Russia (of the Republic) is fully aware of all the efforts the Imperial Government has made in a general manner to accomplish its task in the present war, and particularly with a view of guaranteeing for the future the peace of Oriental Asia and of the security of the Japanese Empire, for both of which it is absolutely necessary to deprive Germany of its bases of political, military and economic activity in the Far East.

Under these conditions the Imperial Government intends to demand from the German Government at the time of peace negotiations the surrender of the territorial rights and special interests Germany possessed before the war in Shantung and in the Islands belonging to her, situated to the North of the Equator in the Pacific Ocean.

The Imperial Government ventures to hope that the Government of Russia (of the French Republic), in view of the legitimacy of these claims, will give the assurance that, whenever the case arises, the Imperial Government may count upon its full support on this question.

It goes without saying that reparations for damages caused to the lives and property of the Japanese people by the unjustifiable attacks of the enemy, as well as other conditions of peace of a character common to all the Entente Powers, are entirely outside the consideration of the present question.

The French Embassy to The Japanese Ministry of Foreign Affairs

(March 1st, 1917)

Translation

The Government of the Republic is disposed to give the Japanese Government its assistance in regulating, at the time of the peace negotiations, questions essential to Japan concerning Shantung and the German Islands in the Pacific situated in the North of the Equator. It also agrees to support the demands of the Imperial Government for the surrender of the rights Germany possessed before the war in this Chinese province and the Islands.

M. Briand requests, on the other hand, that the Japanese Government give its support to obtain from China the rupture of its diplomatic relations with Germany, and that she push this act to a desirable extent. The consequences of this, according to him, would be:—

1. The handing over of passports to the German diplomatic and consular agents.

2. The obligation of all German nationals to leave Chinese territory.

3. The internment of German ships having sought refuge in Chinese ports and the ultimate requisition of these ships in order to place them at the disposition of the Allies following the example of Italy and Portugal. From the advices which reached the French Government, there are fifteen German ships in Chinese ports totalling about 40,000 tons.

4. The sequestration of German commercial houses established in China.

5. The forfeiture of the rights of Germany in the concessions she possessed in certain ports.

The Japanese Ministry of Foreign Affairs to The French Embassy

(March 6th, 1917)

Translation

The Ministry of Foreign Affairs has the honor to acknowledge the receipt of the Note of the French-Embassy, under the date of March 1st, 1917, informing that the French Government is disposed to give the Imperial Government its assistance in regulating, at the time of the peace negotiations, questions essential to Japan concerning Shantung and the German Islands in the Pacific, situated to the North of the Equator, and that it agrees to support the demands of the Imperial government for the surrender of the rights Germany possessed before the war in Shantung and in the aforesaid Islands.

The Imperial Government takes note of this communication with profound gratitude for the friendly sentiment which inspired the French Government in giving it full assent to the desiderata of the Imperial Government.

The aforesaid Note equally set forth the desire of His Excellency, M. Briand, of ensuring the support of the Imperial Government with a view to obtaining from China the rupture of her diplomatic relations with Germany, to its full, desirable extent. Concerning the question, the Imperial Government, as the French Government was constantly kept informed if it did not fail to make all efforts from the beginning, consequently, the Imperial Government has hereby only to confirm its intention of giving its entire support to the desire expressed by M. Briand, in accord with a view to bringing about the consequences enumerated in the above-mentioned Note.

The Russian Embassy to The Japanese Ministry of Foreign Affairs

(February 20th March 5th 1917)

Translation

In reply to the Note of the Japanese Ministry of Foreign Affairs, under the date of February 19th last, the Russian Embassy is charged with giving the Japanese Government the assurance that it can entirely count on the support of the Imperial Government of Russia with regard to its desiderata concerning the eventual surrender to Japan of the rights belonging to Germany in Shantung and of the German Islands, occupied by the Japanese forces, in the Pacific Ocean to the North of the Equator.

The Japanese Ministry of Foreign Affairs to The Russian Embassy

(March 8th 1917)

Translation

The Ministry of Foreign Affairs has the honor to acknowledge the receipt of the Note of the Russian Embassy, under the date of March 5th, 1917, in reply to the Note of the Ministry under the date of February 19th of the same year.

In the said Note, the Russian Embassy was good enough to declare that it was charged with giving the Japanese Government the assurance that it could entirely count upon

the support of the Russian Government with regard to its desiderata concerning the eventual surrender to Japan of the rights belonging to Germany in Shantung and of the German Islands in the Pacific, situated to the North of the Equator.

The Japanese Government takes note of this communication with profound gratitude for the sentiment which inspired the Russian Government in giving its full assent to the desiderata of the Japanese Government.

The Japanese Embassy to the Italian Government

(March 23rd, 1917)

Translation

The Imperial Japanese Government intends to demand from the German Government, at the negotiations of peace, the surrender of the territorial rights and special interests which Germany possessed, before the war, in Shantung and in the German Islands in the Pacific, situated north of the Equator.

In view of the present phase of events, the Imperial Government believed it bound to ensure forthwith the entire support of the English, French and Russia governments, in case the foregoing claims should be presented to Germany at the peace negotiations.

In bringing to the knowledge of the Royal Government of Italy as a very confidential information that an arrangement has recently been entered into between the Imperial Government of one part and the British, French and Russian Governments of the other part, relating to the foregoing, the Imperial Government has the firmest conviction that the Royal Government of Italy, being inspired by the sentiments of friendship which animate the two countries, and considering the necessity of mutual assistance for the triumph of the common cause in the present war, will be good enough to welcome with satisfaction the conclusion of the above-mentioned arrangement.

Italy's Reply to the note of the Japanese Embassy

(March 23rd, 1917)

Upon reading the foregoing Memorandum, the Italian Minister for Foreign Affairs said to the Japanese Ambassador that the Italian Government had no objection regarding the matter.

United States and China Not Informed

NOTWITHSTANDING that close students of far Eastern events had perceived long before the end of hostilities many strong circumstantial indications of the existence of such secret agreements relating to China, among certain of the Allied Powers, the disclosure of those secret agreements at Paris was ominous. It revealed plainly that at the time when the United States was on the verge of entering the war, and was trying to induce China to adopt similar measures and sever diplomatic relations with Germany and was assuring the Chinese Government that China's territorial integrity and rights would be secured thereby, that the principal Powers in the Allies group were making secret agreements among themselves by which China's interests were adversely affected, and which if carried out would stultify the diplomatic assurances given by the United States to China. Yet neither the American nor the Chinese governments were informed of the existence of those agreements until after the peace Conference met at Paris, two years after they were made. At this point I will insert portions of the testimony given by President Wilson and Secretary of State Lansing to the United States Senate Committee on Foreign Relations:

From Stenographic Report of the Conference Between President Wilson and the Senate Committee on Foreign Relations at the White House, August 19, 1919.

SENTOR BORAH: I wish to ask some questions in regard to the secret treaty. . . . I should like to know when the first knowledge came to this government with reference to the secret treaties between Japan, Great Britain, Italy and France concerning the German possessions in Shantung.

THE PRESIDENT: I thought that Secretary Lansing had looked that up and told you. I can only reply from my own knowledge and my own knowledge came after I reached Paris.

Report of the Hearings on the Treaty of Peace before the Senate Committee on Foreign Relations. August 11, 1919

SECRETARY LANSING: Mr. Chairman, I was asked twice during the hearing on last Wednesday in relation to my knowledge as to the secret treaties or secret agreements which existed between Japan and Great Britain, France, Italy and Russia. . . . . Gentleman, in connection with those inquiries and the apparent implication that I must have had knowledge, or should have had knowledge, of those agreements prior to the Lansing-Ishii agreement, I can now state that my first knowledge of the actual agreements came in the first part of February, 1919. Under date of February 26, they were transmitted to the Department of State by the American Peace Commission, and the department has no record or any knowledge of the treaties prior to that time . . .

In regard to the statement that I knew of the British agreement before I went to Paris, let me say—

SENATOR JOHNSON: Just what British agreement do you refer to, if you please?

SECRETARY LANSING: Between Japan and Great Britain.

SENATOR JOHNSON: And in your statement of the other treaties you have just referred to you meant those with Japan?

SECRETARY LANSING: Yes. And I now refer to the text of the British agreement—

SENATOR JOHNSON: With Japan?

SECRETARY LANSING: Yes. As to my knowledge at the time of the Lansing-Ishii agreement, which was negotiated in September and October, 1917, I did know that Great Britain and France had at least an understanding as to the disposition of the German islands in the Pacific. . . . . Furthermore, at my first interview in connection with our negotiations, Viscount Ishii, on September 6, 1917, told me that in 1915, on his way to Japan, he stopped in London, that he saw Sir Edward Grey there, and stated to him that Japan intended to return Kiaochou to China, but that the islands would have to be retained because no government in Japan could stand if there was an agreement to return them to Germany. . . . . He said it was then practically arranged that the Equator should be the line of division between Japan and Great Britain so far as the conquered islands were concerned.

SENATOR HITCHCOCK: That was an agreement reached between those two nations before we entered the war?

SECRETARY LANSING: Oh, yes; in 1915.

SENATOR BORAH: Mr. Secretary, as I understand you, the first knowledge you had of any of those agreements other than that British agreement was on what date?

SECRETARY LANSING: In the early part of February, 1919.

SENATOR BORAH: You received the information through what channels?

SECRETARY LANSING: I cannot tell you, except that the Commission received it in Paris.

SENATOR BORAH: The secret treaty with reference to Shantung and the German possessions in China had not been made in October, 1916?

SECRETARY LANSING: No.

SENATOR BORAH: When did you first learn of that agreement?

SECRETARY LANSING: Early in February, 1919.

SENATOR BORAH: Will you state again briefly what it was that Viscount Ishii told you as to the understanding he had with Great Britain, and when it was?

SECRETARY LANSING: His statement was made to me on September 6, 1917, and he told me that in 1915—that was after Kiaochou and the German islands had been captured—he was in London, and that he stated to Sir Edward Grey that Japan intended to return Kiaochou to China, but that the islands would have to be retained.

SENATOR BORAH: Is that the only statement that Viscount Ishii made which would indicate to you any understanding between Japan and Great Britain with reference to the German possessions in China?

SECRETARY LANSING: That did not indicate any.

SENATOR BORAH: Did he make any other statement indicating to you that Japan had any agreement with Great Britain in regard to the German possessions in China?

SECRETARY LANSING: None at all, Sir. After the statement that it was the intention of Japan to restore Kiaochou to China, the subject was never again mentioned during the conversation.

SENATOR BORAH: You do know now, Mr. Secretary, that at the time Viscount Ishii made that statement to you, Japan had a secret agreement to that effect with Great Britain and those other Powers?

SECRETARY LANSING: I do.

SENATOR BORAH: And that Viscount Ishii either affirmatively or by his silence concealed it from the Secretary of State of this nation?

SECRETARY LANSING: That is the truth. I do not know whether it was an intentional concealment or not. He did not tell me about it.

SENATOR BORAH: I want to say, Mr. Secretary, in answer to an intimation in your opening statement that we were indicating that you must have had knowledge of these things, that that was not my desire at all. My desire was to show what Viscount Ishii was doing.

I desire to read a statement which appeared in the Parliamentary Debates in the House of Commons on March 4, 1918. (Reading)

"Mr. King asked the Secretary for Foreign Affairs whether there have been communicated to President Wilson copies of all treaties, whether secret or public, and memoranda of all other agreements and undertakings to which this country has become a party since August 4, 1914; and if not, whether copies of all such documents will be handed to the American Ambassador in London.

"Mr. BALFOUR. The honorable member may rest assured that President Wilson is kept fully informed by the Allies."

You would understand from that that these secret agreements had been made known to the President?

SECRETARY LANSING: I should dislike very much to interpret the language of Mr. Balfour.

SENATOR BORAH: It does not need much interpreting, does it?

SENATOR HITCHCOCK: What was the date of that statement?

SENATOR BORAH: March 4, 1918. [To Mr. Lansing]. When did this Government make known to China the existence of those secret agreements?

SECRETARY LANSING: I do not know if the Government ever made them known to China, because China had delegates at Paris, and I assume that she was more or less cognizant of the agreements at the same time we were.

SENATOR BORAH: Notwithstanding the statement of Viscount Ishii and the statement of Mr. Balfour, it is a matter of fact that the Secretary of State of the United States had no knowledge of those treaties until after the signing of the armistice, is it not?

SECRETARY LANSING: That is true.

.....

Formal Statement of China's Claims

AN outline of Japan's war claims was made to the Council of Ten of the Conference on January 27, and during the course of a brief discussion the existence of the secret Shantung agreements was revealed. At that session Dr. Wellington Koo, one of the Chinese envoys, entered a formal request that China's claims should be heard. On the following day, January 28, the Chinese delegation was called upon on two hours notice to present China's case. Two of the Chinese delegates (Dr. Koo and Dr. T. C. Wang) attended before the Council of Ten, and Dr. Koo, in an address admitted generally to have been one of the most able delivered at the Conference, gave the bases of China's claim, and stated that the case would be more fully presented in documentary form. A little later (in February and March) printed briefs of China's case were presented to the Conference, which by then had been restricted to a Council of Four, composed of representatives of the British, French, Italian and American governments; while Japan was represented on that Council when far Eastern questions came under survey.

The disclosure of the secret Shantung agreements, coupled with the restriction of the real power of decision and discussions in the Conference to a Council of Five, including Japan, created a condition whereby China's case was to be submitted to a Court of Five, four of whose members had previously signed secret agreements to decide against China on the principal question in which she was interested.

Follows the official Memorandum and Provisions presented to the Conference by the Chinese Delegation.

PRELIMINARIES OF PEACE

Provisions for Insertion

in the

I.—Memorandum

In formulating the provisions herewith presented for insertion in the Preliminaries of Peace with Germany and with Austria-Hungary, the Chinese Government are animated mainly by a desire to have restored to China the territory, rights and property which were originally obtained from her either by intimidation or by actual force, and to remove certain restrictions on her freedom of political and economic development.

An engagement to ratify the International Opium Convention of January 23, 1912, concluded at the Hague, is asked of Germany, and that to sign and ratify it, of Austria-Hungary, because their refusal to sign or and ratify it, it will be recalled, was largely responsible for the delay in its execution. Their fulfilment of this obligation will mean the removal of one of the obstacles to the accomplishment of the admirable purpose underlying this important international instrument, a purpose not only consonant with the highest interests of China but conductive to the common welfare of the world.

The Chinese Government hope and trust that the representatives of all the Associated Governments at the Preliminary Peace Conference will give such endorsement and support to the accompanying provisions as will insure their full acceptance respectively by Germany and Austria-Hungary.

II.—Provisions for insertion in the Preliminaries of Peace with Germany

ARTICLES

I.—Termination of Treaties between China and Germany by War and the Opening of Tsingtao to foreign trade and residence.

II.—New Treaty of Commerce and General Relations to be based upon the priciples of Equality and Reciprocity, with Germany relinquishing that of Most-favoured Nation Treatment.

III.—Withdrawal of Germany from Protocol of September 7, 1901.

IV.—Cession of German Public Property in Chinese Territory.

V.—Compensation for losses of Chinese Government and Nationals.

VI.—Reservation of Right of Claiming War Indemnity.

VII.—Reimbursement of Expenses for Internment and Maintenance of Prisoners of War.

VIII.—Restitution of Astronomical Instruments and other Works of Art.

IX.—Engagement to ratify International Opium Convention of January 23, 1912.

I

The state of war between China and Germany having terminated all treaties, conventions, protocols, agreements, contracts and other arrangements between them, consequently all rights, privileges, concessions, immunities and tolerances granted therein, or based thereupon, or accruing therefrom, including notably the leasehold rights of Kiaochow Bay, the Railway and Mining concessions and other rights and options in relation to the Province of Shantung have reverted to China and or ceased to exist.

The Chinese Government, being desirous of promoting international trade and the principle of equal opportunity for the commerce and industry of all nations in Shantung Province as in other parts of the Republic, intend, as soon as they have regained possession of the leased territory of Kiaochow, to open Tsingtao therein and other suitable places in Shantung Province to foreign trade and residence.

II

Germany engages to adopt the principles of equality and reciprocity as the basis of a new treaty of commerce and

general relations to be concluded with China and to relinquish therein on her part the principle of the so-called most-favoured nation treatment; and the said new treaty, when concluded, shall guide all intercourse between the two countries in future.

From the signing of the Preliminaries of Peace until the conclusion and operation of such a treaty, the tariffs, dues and regulations which are or may be applied to the ships and merchandise of non-treaty powers shall be applicable to German ships and the merchandise of German origin or manufacture, it being mutually understood that China may, in accord with the common policy of the Associated Powers, prohibit or restrict resumption of trade relations between China and Germany within the above-mentioned period.

III

Germany, considering herself to have withdrawn, on August 14, 1917, from the Protocol of September 7, 1901, including all Annexes as well as all Notes and Documents supplementary thereto, relinquishes to China all the rights, privileges and claims accruing therefrom or acquired thereunder, and waives to China, furthermore, her portion of the indemnity due under the said Protocol for the period between March 14, 1917 and August 14, 1917.

IV

Germany cedes to China all the buildings, wharves, barracks, forts, arms and munitions of war, vessels of all kinds, marine cables, wireless installations and other public property belonging to the German Government which are found in the German concessions in Tientsin and Hankow and in other parts of Chinese territory including that portion of Kiaochow formerly leased to Germany.

It is understood, however, that buildings and establishments used as diplomatic or consular offices or residences are not included in the above act of cession.

Subject to the following paragraph of this Article and reserving the right to revoke this decision in accord with the common policy of the Associated Powers, China consents to restore all private property of German subjects seized or sequestrated by her on or after the declaration of the existence of a state of war between China and Germany, except where the Chinese Government deems such restoration impossible or incompatible with China's public interests, in either of which cases, she may exercise the right of free disposal and make compensation to the lawful owners.

Germany, however, agrees to China's withholding all such private property or the proceeds from its sale, pending the satisfaction of the claims of the Chinese Government and nationals referred to in Articles V and VI below; and, after the said claims are satisfied, then in trust for the Powers associated with China in the War, for meeting the claims they or their subjects or citizens may prefer against Germany.

V

Germany agrees to compensate the Chinese Government and nationals for losses they have sustained in consequence of the war.

VI

China reserves her right of preferring a claim against Germany for indemnity of war expenses in accord with the decision of the Preliminary Peace Conference.

VII

Germany engages to pay all the expenses for the internment and maintenance of the prisoners of war and civilians, incurred by the Chinese Government, less the expenses of like nature incurred by the German Government.

Germany engages to restore to China, within 12 calendar months from the date of signature of the Preliminaries of Peace, all the astronomical instruments and other works of art which her troops removed in 1900-1901 from China without the latter's consent; and defray all expenses which may be incurred in effecting such restoration including the expenses for dismounting, packing, transporting, insurance and installation in Peking.

IX

Germany engages to ratify and put in operation, within six months from the date of signature of the Preliminaries of Peace, the International Opium Convention concluded at the Hague, January 23, 1912.

(Similar articles, with slight changes, relating to peace with Austria.)

The Claim of China for Direct Restitution to Herself of the Leased Territory of Kiaochou. The Tsingtau-Tsinan Railway and other German Rights in Respect of Shantung Province

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Appendices

1.—Convention between China and Germany respecting the Lease of Kiaochow to Germany, March 6th, 1898.....
2.—Agreement between China and Germany respecting the Kiaochow-Tsinan Railway Regulations, March 21st, 1900.....
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6.—Note from the Ministry of Foreign Affairs to the Japanese Minister at Peking protesting against violation of Neutrality, September 27th, 1914.....

7—First Note from the Ministry of Foreign Affairs to the Japanese Minister at Peking protesting against the occupation of the Kiaochow-Tsinan Railway, September 30th, 1914.....

8.—Note from the Japanese Minister at Peking to the Ministry of Foreign Affairs respecting the Protest against occupation of the Kiaochow-Tsinan Railway, October 2nd, 1914.....

9.—Second Note from Ministry of Foreign Affairs to the Japanese Minister at Peking again protesting against occupation of the Kiaochow-Tsinan Railway, October 9th, 1914.....

10.—First Note from the Ministry of Foreign Affairs to the British and Japanese Ministers at Peking notifying the cancellation of the War Zone, January 7th 1915.....

11.—Note from the Japanese Minister at Peking to the Ministry of Foreign Affairs refusing to recognize the Declaration of the cancellation of the War Zone, January 9th, 1915.....

12.—Second Note from the Ministry of Foreign Affairs to the Japanese Minister at Peking respecting the cancellation of the War Zone, January 16th, 1915.....

13.—Japan's Twenty-one Demands, January 18th, 1915.....

14.—Japan's Ultimatum to China, May 7th 1915.....

15.—Japan's Explanatory Note, May 7th, 1915.....

16.—China's Reply to the Ultimatum, May 8th, 1915.....

17.—Treaties respecting Shantung, South Manchuria and Eastern Inner Mongolia and Exchanges of Notes between China and Japan, May 25th, 1915.....

18.—China's Declaration of War of Germany and Austria-Hungary, August 14th, 1917.....

19.—Exchange of Notes between the Chinese Minister at Tokio and the Japanese Minister for Foreign Affairs respecting the construction of Chinan-Shunteh and Kaomi-Hsuchow Railways, September 24th, 1918.....

20.—Preliminary Contract between China and Japan respecting Chinan-Shunteh and Kaomi-Hsuchow Railways, September 24th 1918.....

21.—Exchange of Notes between the Chinese Minister at Tokio and the Japanese Minister for Foreign Affairs respecting Adjustment of Questions concerning Shantung, September, 24th, 1918.....

22.—Exchange of Notes between the Chinese Minister at Tokio and the Japanese Minister for Foreign Affairs for building four Railroads in Manchuria and Mongolia, September 24th, 1918.....

23.—Preliminary Contract between China and Japan for building four railroads in Manchuria and Mongolia, September 28th, 1918.....

The Japanese delegation at Paris presented no written or printed brief of its claims in respect to Shantung to the Conference; but it conducted through the press a propaganda which distinctly outlined Japan's attitude. The Japanese delegation had access directly to the Council of Four, while the Chinese delegation had only what amounted to a right to petition the Council of Four.

In one sense, therefore, in the Shantung question Japan was a contestant in the issue and a judge of the issue at the same time.

The "Race Equality" Question

FROM time to time, in the period that intervened between the disclosure of the secret Shantung agreements and the decision of the Kiaochou question by the Council of Four, the Chinese delegation tried to press the question to a decision, and several times urged that it be given prompt consideration. The Japanese influence, however, was exerted to delay a settlement of the question. Japan was playing a waiting game, apparently in the hope that a turn of events would provide a favorable opportunity to press Japan's claims. As a convenient diversion, the Japanese delegation brought forward the race equality question by proposing that a clause of that bearing should be inserted in the Covenant of the proposed League of Nations. In a memorandum that I wrote, and submitted to the Chinese delegation at Paris, and also to the far Eastern experts who were attached to the American Commission, I analized that question as follows:

By Thomas F. Millard

Paris, April 6, 1919.

Japan, "race equality", and the League of Nations.

Economic Relation of Japanese and other Orientals

In comparison with their neighboring Oriental peoples, the Japanese are now on a considerably higher economic plane as to earnings and living standards. Consequently, Japanese are unable to compete on equal terms and conditions with Chinese, Koreans, and Indians. That Japanese, and the Japanese Government, recognizes this condition is shown by reports of special commissions and by the published writings of many Japanese authorities. It furthermore is proven by the fact that Chinese and other Oriental laborers are excluded from free competition with Japanese in Japan by restrictions on immigration; and also by regulations favoring Japanese in Formosa and Korea (countries now governed by Japan) over the natives in order to enable Japanese to compete with the native labor and production, and also in commerce. Placed side by side anywhere, on equal conditions, Chinese easily undermine and supersede the Japanese in all forms of manual labor, *in most forms of modern mechanical industry*, and in lesser manufacturing and commercial enterprises and operations.

Japanese Emigration to Western Countries

The modern issue of so-called "racial equality", as advanced by Japan, has sprung from conditions arising out of Japanese emigration to Western countries, principally in the United States of America. It should be recognized fully, however, that the objections to Japanese immigration in the United States are not founded really on racial reasons, although racial characteristics have an influence in the matter, and ordinary persons are unable to distinguish between economic reactions due to the presence of Asiatics and the racial qualities of Asiatics. The real objection to Japanese immigration into the United States so far is economic, but with the possibility, in the event of unrestricted immigration, of developing a genuine racial issue.

In respect, for instance, to the attitude of the Japanese Government toward the restraints put upon the immigration of Japanese to the United States, the question in its original form involved only Japanese. The Japanese Government did not then pretend to be concerned (nor could it properly so act) about the position of Chinese and other Orientals in America. It was merely trying to better the position of its own nationals. Later, however, the Japanese Government perceived the usefulness of this issue, when presented in a certain form, to the Pan-Asian propaganda which for a number of years Japan has been carrying on in all Asiatic countries, and it was expended, as a doctrine, to its present "race equality" form.

Race Equality" and Immigration

Race equality as a universal human and international principle is one thing; the desire of the Japanese Government to gain admission for its nationals into Western countries is quite another thing. The two propositions superficially seem identical: they really are antagonistic.

When the Japanese Government has in recent times tried to secure admission of Japanese into Western countries, and their residence there on equal terms with white peoples, it has had in mind the advantages and national pride of *Japanese exclusively*.

If Japanese would be admitted freely into the United States and/or other Western countries, and would enjoy the same rights in those countries as immigrants of Caucasian origins, Japan and the Japanese emigrants to those countries would benefit greatly because of their economic advantages over the native and other white residents. But if ALL Oriental peoples should have the same privileges and rights, then the practical advantages to Japan and to Japanese of such a status would vanish, for other Oriental immigrants would undercut the Japanese almost as easily and effectively as the Japanese undercut the Western natives. Eventually therefore, the result of such a status of Orientals in Western countries would cause the elimination of the Japanese there, because in numbers, closer economic shaving, and lower standards of living, the other Orientals have the advantage

over Japanese. That the application of any genuine "racial equality" to the question of immigration among nations would, in the case of Japan, tend to defeat Japan's objects in contending on the issue, is by now understood by the Japanese Government.

The Japanese Government, therefore, does not really desire to have a genuine application of the "racial equality" principle to the immigration issue.

Japan's Reasons for Raising this Issue at the Peace Congress

Japan's reasons for raising the "race equality" question at the Peace Congress in connection with the proposed Covenant of a League of Nations, can be epitomized as follows:

(a) For its bearing on Japan's Pan-Asian propaganda.
(b) To create sympathy for Japan in Western countries.
(c) In case Japan's request is rejected, to enable Japan to pose as having a grievance which should be redressed or *compensated* by the Congress.
(d) In case Japan's request is granted by the Congress, it will enable the Japanese Delegation and the Japanese Government (the present Ministry) to present something to assuage popular disappointment in Japan if other and vastly more important matters concerning Japan are rejected by the Congress.

Relation of Japan's Present Situation to this Question

The symptoms of political, social and industrial unrest in Japan, together with other factors, indicate almost with certainty that hereafter Japan cannot succeed in equalizing the economic plane of Japanese with that of other Orientals; on the contrary, there is every prospect of a further widening of the margin of difference.

In that event, the only way by which the Japanese Government could apply an international "race equality" principle to the advantage of Japanese in Western countries, would be by Japan obtaining the political and economic hegemony of China and other Asiatic nations, in which case Japan could regulate matters so that (as the Japanese Government does now with Koreans and Formosans) Japanese exclusively would come under that status.

To obtain the hegemony of Eastern Asia has been the chief purpose of Japan's war policy, and it is the MAJOR OBJECT of the Japanese Government at the Peace Congress.

Danger to China of this Situation

In case Japan, as a result of sympathetic and other reactions of the "race equality" question, and its treatment by the Congress, should succeed in obtaining something in the nature of redress and compensation, it is obvious that any such compensation or redress is apt to be *at the expense of China*, by confirmation by the Congress, in the Treaty of Peace, or by supplementary action, of the secret treaties confirming Japan's aggressions in China made by the British, French and Italian governments during the war, and before the United States became a belligerent.

This aspect and possibility of the question gives Japan's agitation of the "race equality" question a significance far beyond its apparent content.

The Question and Western Nations

In view of the conditions which would make the translation of a "race equality" clause or commitment in the Covenant of the League of Nations into a practical application to the immigration question disadvantageous to Japan, it may be safely assumed that a vaguely worded clause of that import in the Covenant need give no especial uneasiness to Western countries which have reason to dread an influx of Orientals. This probably is the reason why (as is reported) the American Government does not especially object to the placation of Japan and Asiatic peoples by enacting such a clause, while at the same time the American people are firm in purpose strictly to regulate, and if need be to exclude Asiatic and any other immigration.

As far as I could judge, all of the official experts on the far East attached to the principal governments at the Conference regarded Japan's introduction of the race equality question as a diplomatic "herring". None of the American experts felt any uneasiness at the suggestion that Japan should be conciliated by inserting some generalization about race equality into the preamble of the League Covenant. On the contrary, it was felt that by doing that Japan would be deftly deprived of an alleged "grievance." A proposal that the League Covenant would recognize race equality of course could not be opposed by the other Oriental nations represented at the Conference. The Chinese delegation was fully aware of the true character of this move of Japan, but when the question came up before the Council of Ten the Chinese representative voted for it. It was well understood that the real objectors to a recognition of race equality by the Covenant were the Australasians; yet when the question came up at a plenary session of the Conference, President Wilson somehow was induced to be the spokesman of the explanation for rejecting Japan's proposal. There was not sufficient need, that I can see, for the United States thus to assume, in the eyes of the Oriental and African peoples, a responsibility that in fact rested in another quarter.

China's Compromise Proposal Rejected

DURING the months of February, March and April, the Japanese delegation at Paris outwardly maintained a reticent and non-committal attitude toward the Shantung question, while privately seeking to defer its settlement until a situation favorable to Japan's purposes arose. From various circumstances, and statements given out from time to time by members of the Japanese delegation, it became plain that Japan's most plausible argument why the German holdings in Shantung should be given directly to Japan was that, since the Japanese Government repeatedly had announced its intention to restore Shantung province and Kiaochou to China after obtaining the German holdings there, to interfere with that process would reflect on Japan's honor, an inference intolerable to Japan. This phase of the question was carefully considered by the Chinese delegation, with a result that on April 23, 1919, it proposed in writing to the Council of Four a compromise designed to meet that argument of Japan, in four clauses. That proposal is still among the confidential papers of the Conference; but I know its contents, and will paraphrase the four articles as follows:

1. The German rights in Shantung to be ceded by Germany to the Five Principal Powers (Great Britain, France, Japan, Italy and the United States) to be returned eventually to China.
2. Japan to engage to evacuate Shantung and Kiaochou within one year after peace was made.
3. China would repay to Japan her expenses for military and naval operations in the taking of Kiaochou from the Germans.
4. China would create an international settlement and port at Tsingtau to extend for the time that other such settlements exist in China.

While not willing, and not having the authority, to consent at that time to a cession of the German leasehold to Japan, some of the Chinese delegates intimated to the Council of Four that in their opinion China would consent to modify Article 1 in the above list so that Japan would obtain the direct cession of the German rights to be returned to China, provided the Council of Four were joint trustees. China's offer to reimburse Japan for her expenses disposed of Japan's claim regarding her sacrifices in so far as money restitution could do that.

A short time before the Council of Four decided the Shantung question, the Fiume incident had injected a serious discord into the Conference, and the Italian delegation had withdrawn. In his statement regarding the Fiume question, President Wilson (who probably was spokesman also for the British and French members of the Council of Four) laid down principles closely analogous to those involved

in the Shantung matter. On the day that the President's Fiume statement was issued, I wrote a memorandum, as follows:

Analogy of President Wilson's Statement Re the Adriatic Situation to the Case of China

As to Principle and Reasoning.

The President's statement says: "When Italy entered the war she entered upon the basis of a definite, but private, understanding with Great Britain and France now known as the Pact of London. Since that time the whole face of circumstances has been altered. Many other powers, great and small, have entered the struggle, with no knowledge of that private understanding."

Thus the President proceeds to argue that secret agreements among belligerents made during the course of the war may, as a matter of fact and also of principle, become abrogated by events. He further argues that such agreements are liable to be subordinated, and that they ought to be subordinated, in making peace, to an adjustment to the principles which were publicly accepted by the nations in the Allies group as the basis for peace.

The relation of this argument to the case of China at the Peace Conference is plain, with respect to the secret agreements about the disposition of former German tenure and rights in Shantung; in short, those secret agreements cannot be held as binding now.

With respect to the agreements relating to Germen tenure in Shantung made during the war between the Japanese and the Chinese governments, the position of China is that those agreements were obtained by intimidation, and therefore they cannot be presented now as instruments which the Peace Conference should validate by its acts. The analogy of those agreements and the treaties wrung by Germany from Russia and Roumania is apparent.

As to Responsibility of the United States.

With respect to the Adriatic and other European questions, the American Government is committed to no policy by any previous acts or agreements. In the case of China, however, the American Government did assume moral responsibilities by inducing China to enter the war, by previous undertakings to preserve the territorial integrity and political autonomy of China, and under a treaty with China, made in 1858.

After the statement of President Wilson on the Adriatic question and when China had opened a way to "save Japan's face" in the matter, the Chinese delegation were very hopeful of obtaining a settlement of the Shantung question which China could accept. The compromise proposed by China also was acceptible to the American, British and French representatives on the Council of Four [the Italian representative had withdrawn temporarily because of the Fiume incident]; but owing to the objections of Japan, the Council rejected the proposal, and awarded the German "rights" in Shantung to Japan uuconditionally.

(Note.—In a conference on August 19, 1919, at the White House, Washington, President Wilson told the Senate Committee on Foreign Relations that unanimous agreement of the Council of Four was required on all important questions. This rule virtually empowered Japan to decide the Shantung question alone, which she did)

The Shantung Clauses of the Treaty

The clauses that were inserted in the Treaty (drafted, it is understood, by the Japanese delegation), follow:

Article 156

Germany renounces in favor of Japan all her rights, title and privileges—particularly those concerning the territory of Ciao-chau, railways, mines and submarine cables—which she acquired in virtue of the treaty concluded by her with China on March 6, 1898, and of all other arrangements relative to the province of Shantung.

All German rights in the Tsingtao-Tsinanfu Railway, including its branch lines, together with its subsidiary of all kinds, stations, shops, fixed and rolling stock, mines, plant and material, for the exploitation of the mines, are and remain acquired by Japan together with all rights and privileges attaching thereto.

The German state submarine cables from Tsingtau to Shanghai and from Tsingtao to Chefoo, with all the rights, privileges and properties attached thereto, are similarly acquired by Japan free and clear of all charges and incumbrances.

Article 157

The movable and immovable property owned by the German state in all territory of Kiao-chau, as well as all the rights which Germany might claim in consequence of the works or improvements made, or of the expenses incurred by her, directly or indirectly, in connection with this territory, are and remain acquired by Japan free and clear of all charges and incumbrances.

Article 158

Germany shall hand over to Japan within three months from the coming into force of the present treaty the archives, registers, plans, title deeds and documents of every kind, wherever they may be, relating to the administration, whether civil, military, financial, judicial or other, of the territory of Ciao-chau.

Within the same period Germany shall give particulars to Japan of all treaties, arrangements or agreements relating to the right, title or privileges referred to in the two preceding articles.

The Treaty, The League, and "Regional Understandings"

I was present when the explanation of President Wilson of his reasons for consenting to the Shantung award to Japan was communicated to the Chinese delegation at Paris. That explanation, briefly, was to the effect that the President was fearful of a disruption of the conference (presumably by Japan's threat to withdraw and also because of intimations that, in case Japan withdrew, Great Britain might not be able to sign the treaty), and that in order to secure Japan's adherence to a League of Nations he had thought it necessary to accept a solution that was insisted on by Japan. It was the President's view, so the Chinese delegation was told, that China eventually would secure justice from the League of Nations.

To that explanation one of the Chinese envoys replied:

Firstly, the League of Nations had no existence.

Secondly, if a League of Nations should be organized its powers and authority will be problematical.

Thirdly, the real ruling force in any League constituted at this time will be the same major Powers that composed the Council of Five at Paris and which made the decision in the Shantung question.

Fourthly, that it is not logical to assume that a League of Nations created by the same body as the Treaty and in conjunction with the Treaty is designed to reverse the terms of the Treaty.

Fifthly, that it is only the so-called weak nations that are asked to depend for justice and security upon the League of Nations, while the so-called Powers openly decline to rest their own positions and security on the League alone and plainly regard its assurance to be insufficient.

China's grounds for regarding as inadequate the vague assurance that any injustice done to her by the Shantung award in the Paris treaty will be rectified by a League of Nations are plainly revealed by an examination of the terms of the Treaty in conjunction with the proposed Covenant of the League. I quote Articles X and XXI of the proposed Covenant:

Article X—The Members of the League undertake to respect and preserve as against external aggression the territorial integrity and the existing political independence of all Members of the League.

Article XXI—Nothing in this Covenant shall be deemed to affect the validity of international engagements such as treaties of arbitration or regional understandings like the Monroe Doctrine for securing the maintenance of peace.

Under a reasonable legal interpretation, the "territorial integrity" of the members of the League designated in Article X, and which the members of the League are obligated to "preserve," will be the status that is established by the Treaty that was adopted by the same Conference and in conjunction

with the creation of the League, and which gives Japan a definite position in Shantung.

Article XXI of the proposed Covenant defines the Monroe Doctrine as a "regional understanding." It also provides a way to make valid other existing regional understandings that are in existence, and new ones that may hereafter secure the League's endorsement.

Let us now see what "regional understandings" about Asia are or may be validated by this article of the Covenant. Published and known regional agreements which bear directly and indirectly on the position of China are:

(a) The various notes exchanged between the Powers (the United States, Great Britain, Japan, France, Germany, and Russia), constituting what is known as the Hay Doctrine. This doctrine was promulgated by the United States in 1899 (although first advocated by British statesmen), and constitutes the only existing formal international policy regarding China.

(b) Anglo-Japanese alliance; first signed on January 30, 1902; revised and renewed, August 12, 1905; revised and renewed, July 13, 1911.

(c) Franco-Japanese arrangement signed June 10, 1907.

(d) Russo-Japanese treaty of peace, signed September 5, 1905.

(e) Russo-British convention signed August 31, 1907.

(f) Convention between Japan and Russia, signed July 30, 1907.

(g) Secret Russo-Japanese agreements signed on July 17, 1907; June 21, 1910; July 4, 1910; June 25, 1912; July 8, 1912; and June 20, 1916. The existence of these agreements was revealed by the publication of documents after the revolution in Russia, but the texts of all of them have not yet been published. The text of the secret alliance of 1916, made during the Great War, has been published.

(h) Russo-British agreement signed April 28, 1899.

(i) Agreements between Great Britain and France made January 15, 1896.

(j) French agreement, September, 1914.

(k) Anglo-Chinese agreements concerning Thibet.

(l) British-German agreements of September 2, 1898, and October 16, 1900.

(m) Root-Takahira agreement (United States and Japan) signed on November 30, 1908.

(n) Lansing-Ishii agreement (United States and Japan) signed on November 2, 1917.

(o) Secret agreement made by Great Britain and France (known as the Sykes-Picot treaty) in 1916, relating to western Asia.

I am not sure that the above list includes all the "regional understandings" about Asia that are in existence, for new secret agreements frequently come to light; but it includes the more important agreements made prior to the peace conference at Paris. Some of those agreements actually or presumably are abrogated now. The Anglo-German regional understandings regarding China were wiped out by the declaration of war between those Powers, but I mention them for a reason. China's main contention at the peace conference for recession to China of the former German leaseholds and concessions in China, was that those German rights were formally cancelled when China declared war against Germany, and therefore the conference could only cede the German rights to Japan in the treaty by first re-investing Germany with those rights. To re-invest Germany with treaty rights in China which had been formally abrogated and denounced by declaration of war would seem also to restore Germany's regional understandings in China with her other enemy Powers; the Conference however confined the application of that reasoning to Chinese-German agreements exclusively.

THE situation that may be created in respect to a possible revival of the "regional understanding" hypothesis applied to China as a result of the Treaty and Covenant drafted at Paris is somewhat elucidated in a memorandum I wrote, which was incorporated in the hearings of the United States Senate Committee on Foreign Relations on August 22, 1919.

"Regional Understandings" and the Shantung Decision

By THOMAS F. MILLARD
August 20, 1919.

Definition of Regional Understandings

Article XXI of the proposed Covenant of the League of Nations validates "regional understandings like the Monroe Doctrine" which are in existence at the time the League is organized, and other such understandings made later that are approved by the League.

Another Article of the Covenant provides that all Members of the League must inform all the other Members of any and all treaties, agreements, pacts, alliances, and regional understandings (or the Article is presumed to have that meaning), that exist among Members of the League, or between Members of the League and nations not members of the League.

A reading of the various Articles of the Covenant bearing on this phase of international relations under the League indicates that Members of the League will have until a time after the formal organization of the League to make, and to declare whatever regional understandings they have, and that such regional understandings thus formally declared to the League within that time shall be recognized as valid.

A point has been advanced that only regional understandings which properly are "like the Monroe Doctrine" will be made valid by Article XXI of the Covenant.

Conditions Affecting Interpretation of Article XXI.

Only the Monroe Doctrine is mentioned by name in Article XXI as being a valid regional understanding under the terms of the Covenant.

But the language of the Article expressly indicates that it is the purpose of the Article to validate regional understandings other than the Monroe Doctrine.

It may be that, subsequent to the organization of a League, a question may be raised upon the presentation of some regional understanding, as to whether it is "like the Monroe Doctrine." If a difference of view develops on that point, it would be a question to be decided by the governing body of the League. The decision of the question in each particular case would depend on the alignment of votes in the governing body of the League.

For the purpose of the argument, let us assume, for instance, that AFTER the American Government signs the Treaty of Peace and the Covenant and an Anglo-French-American alliance in the present form of those treaties, the League is formally notified of a regional understanding covering Asia entered into naturally by the British, French and Japanese governments.

Let us further assume that that regional understanding would be regarded by the American Government as not "like the Monroe Doctrine", but, on the contrary, as being subversive of the principles of the Monroe Doctrine in Asia, the Hay Doctrine. In that case, the American Government probably would enter objection to such an arrangement as being not in conformity with Article XXI.

In such a case, it is probable that the British and French and Japanese governments would take an opposite view of the meaning of Article XXI, whereupon the issue would depend on a vote of the governing body of the League.

The Constitution of the governing body of the League is such that it would be almost certain that the American Government would be outvoted on such an issue.

If it was held (and accepted) that four Powers directly involved in the dispute should be excluded, and the decision of it, and they were excluded, and the decision was left to the remaining members of the governing body, it also is practically certain that the American Government would be outvoted, for these reasons:

(a) There are known to exist more than twenty regional understandings about Asia, involving all the Great Powers except the United States. Also, it is suspected that several other regional understandings exist whoes texts never have been disclosed.

(b) Outside of Asia, there are many known and probably also many secret regional understandings in existence, involving all of the Great Powers except the United States, and also involving a majority of the lesser nations that are expected to be Members of the League.
(c) That condition establishes a situation whereby almost all the members of the League EXCEPT THE UNITED STATES have regional understandings which they may desire to make valid under the League. In that situation, it is highly probable, and it certainly is possible, that the Members having regional understandings which they want to sustain will combine to define Article XXI as meaning to include regional understandings of whatever character that were made before the formal organization of the League.

The Application to China and the Hay Doctrine

Ever since the Paris Conference met, there have been several distinct intimations of the purpose of some of the Principal Powers to advance certain regional understandings about China as the basis for international action regarding China.

In connection with the newly formed international (4-power) financial group to operate in China, it already is reported that the Japanese Government will insist that Manchuria and Shantung will be excepted from the operations of the Group, Japan reserving those regions for exclusive economic exploitation.

If the Japanese Government has developed, or subsequently does develop this attitude, it can be taken for certain that the British, French and other governments which have regional understandings about China based on the "sphere of influence" there will insist in maintaining their exclusive rights under those regional understandings.

That would array three of the four members of the new financial Group in opposition to the American member of the Group, and, since the United States has no "sphere" or any regional understandings regarding China, or Asia giving it any special privileges in any region, such a situation will be tantamount to excluding America, will defeat the announced purposes and objects of the banking group.

Such a situation will effectively prevent any effort to relieve China of the "spere" condition, and will fasten it upon her more strongly than before.

NOTE—The statements of the President at his conference with the Senate Foreign Relations Committee on August 19 positively demonstrated how the existence of secret regional under standings can compel, or induce, the American Government to yield on important questions.

Statements By Chinese Peace Delegation

The Following Statement was issued by the Chinese Delegation to the Press, on May 3, 1919, after it had been informed of the decision of the Council of Three relating to the Kiaochou-Shantung Question:

The Chinese Delegation views with astonishment the settlement proposed by the Council of Three in regard to the Shantung question. China came to the Conference with strong faith in the lofty principles adopted by the Allied and Associated Powers as the basis of a just and permanent world peace. Great, therefore, will be the disappointment and disillusionment of the Chinese people over the proposed settlement. If there was reason for the Council to stand firm on the question of Fiume, there would seem all the more reason to uphold China's claim relating to Shantung which involves the future welfare of 36,000,000 souls and the highest interests of peace in the Far East.

On the afternoon of May 1st, the Chinese Delegation was verbally informed by the Council of Three of an outline of the settlement. Under this settlement all rights in Kiaochou-Shantung formerly belonging to Germany are to be transferred without reservation to Japan. While Japan voluntarily engages to hand back the Shantung peninsula in full sovereignty to China, she is allowed to retain the economic privileges formerly enjoyed by Germany, which, the Delegation is informed, refer to the Tsingtao-Tsinan railway, 280 miles in length, the mines connected therewith, and two railways to be built connecting Shantung with the trunk lines running from Peking to the Yangtze Valley. In addition, she obtains the right to establish a settlement at Tsingtao. Though the Japanese military forces are, it is understood, to be withdrawn from Shantung at the earliest possible moment, the employment of special railway police is permitted.

The German rights in Shantung, it will be recalled, originated in an act of wanton aggression in 1897, characteristic of Prussian militarism. To transfer these rights to Japan, as the Council of Three has proposed to do, is therefore to perpetuate an act of aggression which has been resented by the Chinese people ever since its perpetration.

Moreover, owing to China's declaration of war against the Teutonic Powers on August 14, 1917, and the abrogation of all treaties and agreements between China and these powers, the German rights automatically reverted to China. This declaration was officially notified to, and taken cognizance of, by the Allied and Associated Governments. It is therefore significant that the Council, in announcing the settlement of the Kiaochou-Shantung question, referred to the rights to be transferred to Japan as "rights formerly belonging to Germany." It appears clear that the Council has been bestowing to Japan rights, not of Germany but of China, not of the enemy but of an Ally. A more powerful Ally has reaped benefits at the expense, not of the common enemy, but of a weaker Ally.

Such virtual substitution of Japan for Germany in Shantung, serious enough in itself, becomes grave when the position of Japan in South Manchuria and Eastern Inner Mongolia is read in connection with it. Firmly entrenched on both sides of the Gulf of Peichili — the water outlet of Peking — with a hold on three trunk lines issuing from Peking and connecting it with the rest of China, the capital becomes but an enclave in the midst of Japanese influence.

Besides, Shantung is China's holy land, packed with memories of Confucius and hallowed as the cradle of Chinese civilization. If it is the intention of the Council to restore it to China, it is difficult to see on what consideration of principle or expediency can be justified the transfer in the first instance to an alien power who then "voluntarily engages" to hand it back to its rightful owner.

Japan has based her claim for the German rights in Shantung also on the treaty and notes of 1915 and on the notes of 1918 with China. It is to be noted, however, that the documents of 1915 were agreed to by China under the coercion of an ultimatum from Japan threatening war in case of non-compliance with the Twenty-one Demands. The notes of 1918 were made by China as a price for Japan's promise to withdraw her troops whose presence in the interior of Shantung as well as the establishment of Japanese civil administration bureaux therein had aroused such popular opposition that the Chinese Government felt constrained to make the arrangement.

The Chinese Delegation understands that the decision of the Council has been prompted by the fact that Great Britain and France had undertaken in February and March, 1917, to support at the Peace Conference the claim of Japan to German rights in Shantung. To none of these secret agreements, however, was China a party, nor was she informed of their contents when she was invited to join the war against the Central Powers. The fortunes of China appear thus to have been an object of negotiation and compensation after she had already aligned herself with the Allied cause. Apart from this, it is at least open to question how far these agreements are still applicable, inasmuch as China has since become a cobelligerent. The claims of Japan referred to in these agreements appear, moreover, scarcely compatible with the Fourteen Points formally adopted by the Powers associated against Germany.

If the Council has granted the claims of Japan in full for the purpose of saving the League of Nations, as has been intimated to be the case, China of course would have less to complain, believing as she does that it is a duty to make sacrifices for such a noble cause as the establishment of a League of Nations. The Chinese Delegation cannot, however, refrain from wishing that the Council had seen fit, as it would be far more consonant with the spirit of the League now on the eve of formation, to call upon strong Japan to forego her claims animated only by a desire for aggrandisement, instead of upon weak China to surrender what was hers by right.

On May 4, the Chinese Delegation Issued the Following Statement to the Press:

New light on the settlement of the Kiaochou-Shantung question has made the Chinese Delegation indignant. Though three days have elapsed since the settlement by the Council of Three was announced, no official written communication on the details of the settlement has yet reached the Delegation. While still waiting in suspense, the Delegation has learned with surprise that the clauses to be inserted in the Peace Treaty relating to the Shantung question are worded in the sweeping language of conquest. These clauses go further than what was even suspected. Japan is given everything which Germany obtained from China by aggression, and more.

Japan is given all her rights, titles or privileges — concerning especially the territory of Kiaochow, the railways, the mines and the submarine cables—which Germany acquired by virtue of treaty concluded by her with China, March 6, 1898, and of all other acts concerning the Province of Shantung.

Japan is given all German rights in the Tsingtao-Tsinan Railway including its branches and the mines thereto attached.

Japan is given all the German submarine cables from Tsingtao to Shanghai and from Tsingtao to Chefoo.

Japan is given all the German public property rights movable and immovable in the territory of Kiaochou.

Although China has the best title to these rights which are all in Chinese territory, not a word is said in the draft clauses as to what rights China may expect to recover for herself. It is left entirely to Japan to say what she will be pleased to return to China and what to retain for her own enjoyment. The important fact seems to be altogether ignored that Shantung is a Chinese Province.

The Tsingtao-Tsinan railway was built with Chinese and German private capital. The whole line of 280 miles, lies entirely in Chinese territory. To substitute Japan for Germany in the rights of the railway is to greatly endanger the welfare and security of the Chinese Republic, because Japan is much nearer to China than Germany, and because she already claims a sphere of influence in Manchuria closely to the north of Shantung.

Reading the draft clauses together with the outline of the Council's proposed settlement, it is clear that the Council makes China lose both ways: it has given Japan not only more than Germany had in Shantung, but also more than Japan claimed from China in the treaty of 1915 and the notes of 1918. The Council's proposed settlement seems to sanction, for example, the policing of the Shantung railway — a privilege which Germany did not exercise or claim, and it is apprended, substitutes a permanent Japanese settlement under Japanese control and administration for a German leasehold limited to a fixed period of years. By transferring to Japan all German rights in Shantung, as stated in the draft clauses, it also appears to give Japan preferential rights which she did not claim from China, such as in the supply of capital, materials or technical experts in Shantung Province.

The more the Chinese Delegation studies the proposed settlement the less it understands its meaning and purpose and the more it feels aggrieved. It will be difficult to explain to the Chinese people what the Peace Conference really means by justice.

Chinese Delegation Denied Information

During the whole period of the Conference from its organization to the Shantung decision of the Council of Four, the Chinese delegation had striven to maintain close intimacy with the American Commission, and had advised it of all important moves made and contemplated by China.

Immediately after the decision was announced, the Chinese delegation took steps to obtain a *Precis* of the minutes of the Council of Four containing the record of whatever promises Japan had made regarding the restoration of Shantung to China. A written request for this information was made to the Council of Four on April 30, the day of the decision. To this time (1920), China has not obtained a copy of those minutes, nor have they been made public.

On May 1, members of the Chinese delegation saw Mr. Arthur J. Balfour, the British Minister of Foreign Affairs, and asked for a written statement of exactly what Japan had promised. The Chinese delegation addressed the Council of Four formally as follows:

Delegation Chinoise au Congres de la Paix.

Paris, May 4, 1919.

Sir:

The Rt. Hon. Arthur J. Balfour, on behalf of the Council of Three, verbally informed the Chinese Delegates on May 1, 1919, of the settlement arrived at by the Council in regard to the Kiaochow-Shantung question. They were given to understand that the clause to be inserted in the Peace Treaty would be very general, to the effect that Germany should renounce all her rights in Kiachou-Shantung to Japan; that the conclusion reached by the Council of Three regarding Kiaochow-Shantung was that all political rights formerly enjoyed by Germany were to be restored to China; and to Japan were to be given only the economic rights such as a settlement at Tsingtao, the railway already built (Tsingtao-Tsinan railway), the mines connected therewith, and two other railways to be built.

They were given to understand further that Japan had given explicit assurances to the Council that in exercising the rights thus given her, she will strictly observe the principle of the Open-Door in letter and spirit, that she had announced to the Council that her policy was to restore full sovereignty in the Shantung Peninsula to China, and that she would not make any exclusive economic use of the port of Tsingtao or any discriminatory rates, rules or regulations for the railways. Japan had also stated to the Council that she would at the earliest possible moment hand back all the political rights to China and withdraw all Japanese troops from Shantung. In the arrangement of this settlement everything had been made so clear that no undesirable references could be drawn therefrom by Japan in regard to her position in the affairs of the Far East.

After listening to the outline of the proposed settlement communicated to them by Mr. Balfour, the Chinese Delegates expressed their disappointment, and requested him to be good anough to ask the Council of Three to send them at the earliest convenience a copy of the draft clause to be inserted in the Peace Treaty and of the records of the proceedings of the Council bearing on the Kiaochou-Shantung question.

The Chinese Delegation have carefully considered the above outline of the proposed settlement. They would have waited for the complete records before expressing their view of it, but for reasons of urgency, assuming that the above is a correct summary of what Mr. Balfour explained to them, the Chinese Delegation feel constrained to express their keen disappointment, which will be shared in all its intensity by the Chinese Nation, and enter a formal protest in the name of justice.

The declaration of war by China against Germany and Austria-Hungry on August 14, 1917, expressly abrogated all treaties, agreements and conventions between China and those Powers, a fact which was officially notified to, and taken cognizance of, by the Allied and Associated Powers. By this declaration, the rights and privileges formerly enjoyed in the Province of Shantung became null and void and China as the sovereign power in that province, became automatically revested of them. It is difficult to see on what ground these rights can be taken from China and transferred to Japan.

Japan has presumably based her claim on the agreements of 1915 and on the notes of 1918 with China. The 1915 agreements were however concluded by China under the coercion of a Japanese ultimatum threatening war. The Chinese Government was obliged to exchange the 1918 notes because the continued presence of the Japanese troops in the interior of Shantung and the unauthorized establishment of Japanese civil administrative bureaux which attempted to govern Shantung as Japanese territory, aroused such popular indignation and opposition that no other course seemed open to the Chinese Government to rid the Province of their presence.

If the Shantung peninsula is to be restored in full sovereignty, according to the proposed settlement, to China, the reason does not appear clear why recourse should be had to two steps instead of one, why the initial transfer should be made to Japan and then leave it to her to "voluntarily engage" to restore it to China.

Notwithstanding the proposed division of political and economic right, the substitution of Japan for Germany in Shantung so entrenches Japanese influence in this Province as to expose China to a greater menace than before because Japan is nearer to China than Germany.

China, in coming to the Peace Conference, has relied on the Fourteen Points set forth by President Wilson in his address to Congress on the 8th January, 1918, and the principles laid down in his subsequent addresses, and formerly adopted by the Powers associated against Germany. She has relied on the spirit of honourable relationship between states which is to open a new era in the world and inaugurate the League of Nations. She has relied, above all, on the justice and equity of her case. The result has been to her a grievious disappointment.

The Chinese Delegation feel it to be their duty to register a formal protest with the Council of Three against the proposed settlement of the Kiaochou-Shantung question.

I have the honour to be, Sir, Your most obedient,

humble servant,

(signed) Lou Tseng Tsiang

To the President, the Council of Three, Peace Conference, Paris.

On May 9 Mr. Balfour replied, merely enclosing a draft of the Shantung provisions of the Treaty, and enclosing a published statement which had been given out, in vague terms, by Baron Makino. Pressed for a more definite reply, on May 13 Mr. Balfour wrote to the Chinese delegation to the effect that the previous statements, and the press statement of Baron Makino, contained all that the Council of Four thought it necessary to say then.

The Chinese delegation then made several appeals to President Wilson, but without avail.

At the session of the whole Conference, on May 6, when the summary of the Treaty was read to the delegates, Hon. Lou Tseng-Tsiang, head of the Chinese delegation, rose and entered a protest at the Shantung clauses, notwithstanding that diplomatic influence was brought to bear on the Chinese delegates to prevent a protest.

China's next official move is indicated in the following communication:

Delegation Chinoise au Congres de la Paix.

May 26, 1919.

Mr. President:

The Council of Prime Ministers having announced on April 30th their conclusion in respect of the question of the disposal of German rights in the Chinese Province of Shantung, I, in behalf of the Chinese Delegation, addressed to the Council a formal protest against it on May 4th. Subsequently at the Plenary Session of the Preliminary Peace Conference on May 6th when a summary of the Conditions of Peace with Germany was read, I made a reservation on the clauses relating to the disposal of German rights in Kiaochou-Shantung, which appeared to be based exclusively upon the Council's conclusion.

In the evening of May 7th, after the German Plenipotentiaries had been handed the full text of the "Conditions of Peace", the Chinese Delegation received a copy of the text from the Conference. Examination of Articles 156, 157 and 158, which deal with the Kiaochou-Shantung question, makes China's disappointment all the more poignant. Not only no provision is made therein for safeguarding the rights of China as the territorial sovereign over the entire Province of Shantung and insuring the welfare of the millions of Chinese people who have inhabited it from time immemorial, but the said three Articles are also couched in such language as unmistakably to convey the painful impression to the Chinese people, who yield to none in their love for their fatherland, that the transfer of all the rights, title and privileges provided therein while nominally asked of Germany, is in reality to be made only at the expense of a loyal partner in the war on the side of the Allied and Associated Powers.

The announcement of the Council's conclusion on the Kiaochou-Shantung question has caused a nation-wide disappointment in China and evoked voices of protest from the Chinese people everywhere. The Chinese Delegation have received messages from the Parliament, the Provincial Legislatures, the Chambers of Commerce, Educational and Agricultural Associations, and other important organizations both in China and abroad, urging the Chinese Delegates not to sign the Treaty of Peace with Germany.

In view of this unmistakable indication of the views of the Chinese people, the Chinese Government have little choice as to the course open to them to take vis-àvis the Treaty of Peace with Germany; but sincerely desirous to avoid, if possible, any step capable of being construed as marring the unity of purpose of the Allied and Associated Powers in restoring peace to the world as in prosecuting the war against Germany, they have decided to sign the treaty of Peace with Germany under the reservation already made at the Plenary Session held on May 6th, in respect of the clauses relating to the transfer of German rights in Shantung. In coming to this decision, the Chinese Government desire to assure you, however, that their objection is not to the renunciation by Germany of her rights, title, and privileges in Shantung, but solely to such renunciation being made in favour of Japan, to the prejudice of China's sovereign rights.

Pursuant to instructions from my Government, I have the honour, therefore, to inform you that the Chinese Plenipotentiairies will sign for the Republic of China the Treaty of Peace with Germany under the reservation made and recorded in the Minutes of the preceedings of the Plenary Session of the Preliminary Peace Conference on May 6, 1919

I avail myself of this opportunity to renew to you, Sir, the assurances of my highest consideration.

(Signed) Lou Tseng Tsiang.

Son Excellence Monsieur Clemenceau.

President of Peace Conference.

Chinese Refused To Sign Treaty

During the month following the Shantung decision much pressure was brought to bear on the Chinese delegation at Paris, and on the Chinese Government at Peking, to induce China to sign the Treaty unconditionally, but without effect. On the day set for the signing of the Treaty at Versailles, the following Notes were exchanged between the Chinese delegation at Paris and the Council of Four: [my italics]

Delegation Chinoise

Pursuant to instructions from its Government, the Chinese Delegation notified you by letter of May 26, 1919, that the Chinese Plenipotentiaries would sign for the Republic of China the Treaty of Peace with Germany under the reservation made by the Chinese Delegation and recorded in the Protocol of the Plenary Session of the Preliminary Peace Conference on May 6, 1919, relating to Articles 156, 157 and 158 in the said Treaty relating to the Chinese Province of Shantung.

The Supreme Council of the Conference having ruled to admit no reservation of any kind, either in or outside the text of the Treaty, and having declined to accept before the signing of the Treaty every compromise compatible with their sene of right and justice, *even a declaration to the effect that the signature of the Chinese Plenipotentiaries was not to be understood as precluding China from demanding at a suitable moment the reconsideration of the Shantung question*, the undersigned, Plenipotentiaries of the Republic of China, beg to inform you that they do not feel warranted to sign the Treaty at Versailles today. They are communicating the latest decision of the Supreme Council to their Government and meanwhile beg hereby to reserve, in the name and on behalf of their Government, the right of the Republic of China to take a final decision vis-à-vis the Treaty of Peace with Germany.

(Signed) Lou Tseng Tsiang
Chengting Thomas Wang

2.30 p.m.
June 28,1918.
To His Excellency Georges Clemenceau
President of the Peace Conference,
Versailles.

Reservation

In proceeding to sign the Treaty of Peace with Germany today, the undersigned, Plenipotentiaries of the Republic of China, considering as unjust articles 156, 157 and 158 therein which purport to transfer the German rights in the Chinese Province of Shantung to Japan instead of restoring them to China the rightful sovereign over the territory and a loyal co-partner in the war on the side of the Allied and Associated Powers, hereby declare, in the name and on behalf of their Government, that their signing of the Treaty is not to be understood as precluding China from demanding at a suitable time the reconsideration of the Shantung question, to the end that the injustice to China may be rectified in the interest of permanent peace in the Far East.

(Signed), Lou Tsiang
Chengtien Thomas Wang

Paris, June 28. 1919.
To His Excellency Georges Clemenceau
President of the Peace Conference.

PEACE CONFERENE QUAI D'ORSAY.
SECRETARIAT GENERAL

Paris June 28, 1919,
11.45 a.m.

The Secretariat General of the Peace Conference has the honour to deliver herewith to His Excellency the Chinese Minister the two notes which he was good enough to deliver this morning. In returning them, it is intended to permit the Chinese Delegation to sign the treaty in the session of this afternoon, if it thinks it ought to do so without any reservation, as was indicated to the Chinese Delegation upon instructions from the Supreme Council.

His Excellency
The Chinese Minister
Paris.

In that manner, the Council of Four rejected China's plea to be allowed to sign the Treaty with reservations, and at the same time by returning the notes to the Chinese delegation the Council refused China's reservations a place in the records of the Conference.

On the evening of that day (June 28, 1919), the Chinese delegation issued the following statement to the press:

Feeling the injustice of the settlement of the Shantung question made by the Conference, the Chinese Delegation sent a formal protest to the Council of Prime Ministers under date of May 4, 1919, and made a reservation at the Plenary Session on May 6th last vis-à-vis the Clauses concerning that question in the Conditions of Peace which, taking that settlement for their basis, purport to transfer German rights in the Chinese Province of Shantung to Japan instead of restoring them to China, the rightful sovereign over the territory and a loyal co-partner in the war on the side of the Allied and Associated Powers.

The announcement of the settlement evoked a nationwide protest in China, which was participated in by the Chinese people in every part of the world. In view of the united opposition of public opinion, the Chinese Government had no course open to them except to decline to accept the clauses in question. To this effect they instructed the Chinese Delegation at Paris, who accordingly notified the President of the President of the Peace Conference on May 26th last in a formal communication that they would sign the treaty of peace with Germany subject to the reservation made on May 6th last.

On May 28th last, the Secretary General of the Conference acknowledged the receipt of the notification and stated that it had been transmitted to the Delegations of the Principal Allied and Associated Powers represented in the Supreme Council. From that time on, the Chinese Delegation receiven no word from the Conference on the matter of reservation.

It was not until the 24th instant that the Chinese Delegation was informed by the Secretary General on behalf of the President of the Conference that reservation in the text of the treaty of peace were not permissible, for want of precedent, though there is a notable precedent in the Treaty of of Vienna, of June 9, 1895, which was signed by the Swedish plenipotentiary with a reservation made under his signature on three articles in the treaty.

What the Chinese Delegates first proposed to do was merely to write in the treaty over their signatures the words "Subject to the reservation made at the Plenary Session of May 6, 1919, relative to the question of Shantung (Arts. 156, 157 and 158)". When this insertion was refused, the Chinese Delegation proposed to make the reservation an annex to the treaty. On this being refused, they proposed to send to the President of the Conference, before proceeding to Versailles, a separate declaration in writing to the effect that the Chinese plenipotentiaries would sign the treaty subject to the reservation of May 6th, which was intended to enable China, after the signing of the treaty, to ask for the re-consideration of the Shantung question. This, again, was refused, and the refusal was explained on the ground that the Supreme Council had decided to admit no reservation of any kind in the text of the treaty, or separately, before it was signed, but that the Delegation could send him a declaration after its signature.

As the validity of a declaration made after the signing of the treaty would be doubtful, the Delegation urged the right of making one in advance of it; but out of deference to the decision of the Council to admit no reservations whatever, it proposed a further modification of the wording, so the signing of the treaty by the Chinese plenipotentiaries might not be understood as precluding China from asking at a suitable moment for the re-consideration of the Shantung question. This proposal, to the surprise of the Delegation, was once again refused.

After failing in all these earnest attempts at conciliation, and after seeing every honorable compromise rejected, the Chinese Delegation had no course open to them except to adhere to the path of duty to their country. Rather than accepting by their signatures articles 156, 157 and 158 in the treaty against which their sense of right and justice militated, they refrained from signing the treaty altogether.

The Chinese plenipotentiaries regret having had to take a course which appears to mar the solidarity of the Allied and Associated Powers; but they were firmly of opinion, however, that the responsibility for this step rests, not with themselves who had no other honorable course to pursue, but rather with those, who, it is felt, unjustly and unnecessarily deprived them of the right of making a declaration to safeguard against any interpretation which might preclude China from asking for a re-consideration of the Shantung question at a suitable moment in future, in the hope that the injustice to China might be rectified later in the interest of permanent peace in the Far East.

The Peace Conference having denied China justice in the settlement of the Shantung question and having today in effect prevented them from signing the treaty without their sacrificing their sense of right, justice and patriotic duty, the Chinese Delegates submit their case to the impartial judgment of the world.

American Commissioners and Experts Dissented

AT the time the Council of Four decided the Shantung question, it was generally known at Paris that in consenting to that decision President Wilson was opposed to three of his own colleagues (General Bliss, Mr. Lansing, and Mr. White), also to the unanimous opinions of the far Eastern experts attached to the American Commission. Later, in hearings held at Washington by the United States Senate Committee on Foreign Relations on the Treaty and Covenant, that fact was amply and officially confirmed, Prior to the decision General Bliss had written a letter to President Wilson stating why in his opinion the German so-called rights in Shantung should not be awarded to Japan and the letter was concurred in by Mr. Lansing and Mr. White. The two principal far Eastern experts officially attached to the Commission also submitted memorandas to the same effect.

Stenographic report of the Testimony of Hon. Robert Lansing before the Senate Committe on Foreign Relations, August 6, 1919.

SENATOR BORAH: Mr. Secretary, with reference to the settlement of what is known as the Shantung affair, did you take part in the discussion by which the question was finally adjusted?

SECRETARY LANSING: No.

SENATOR BORAH: Did you file any statement in regard to it?

SECRETARY LANSING: No.

SENATOR BORAH: Did any one of the American Commission file any statement?

SECRETARY LANSING: General Bliss wrote a letter prior to the settlement.

SENATOR BORAH: Is that letter available?

SECRETARY LANSING: That I do not know. It was written to the President.

SENATOR BORAH: Who signed the letter?

SECRETARY LANSING: General Bliss.

SENATOR BORAH: Did the letter purport to be written on the part of anyone other than himself?

SECRETARY LANSING: Yes: on the part of Mr. White and myself.

SENATOR BORAH: Can you recall in a general way the contents of the letter?

SECRETARY LANSING: I should not want to, as it was a matter between General Bliss and the President.

SENATOR BORAH: Was it in the nature of a protest against what is known as the settlement of the Shantung affair?

SECRETARY LANSING: No.

SENATOR BORAH: What was the nature of it, then?

SECRETARY LANSING: The President had conferred with the Commissioners in my office in connection with the Japanese situation, and after we had expressed our general views in regard to the matter, the President wanted to know if we would communicate them in writing. General Bliss prepared a letter and showed it to Mr. White and myself, and we concurred in it, and there was no reason why we should write separate letters as we had nothing to add to it. That was some days before the Shantung settlement. It was a matter of advice, of our advice to the President.

SENATOR BORAH: Did the advice correspond with what was afterward done?

SECRETARY LANSING: No.

Stenographic report of the Conference between the Senate Committee on Foreign Relations and President Wilson, August 19, 1919.

SENATOR JOHNSON of California—Did China enter the war upon our advice—the advice of the United States?

THE PRESIDENT—I cannot tell; we advised her to enter and she soon after did. Whether she had sought our advice, and whether that was the persuasive advice or not, I do not know.

SENATOR JOHNSON of California—Do you recall, Mr. President, that preceding that advice we had asked China, as one of the neutral nations, to sever diplomatic relations with Germany?

THE PRESIDENT—Whether we had asked her?

SENATOR JOHNSON of California—Yes, sir.

THE PRESIDENT—I do not recall, Senator. I am sure Mr. Lansing can tell, though, from the records of the department.

SENATOR JOHNSON of California—Do you know, Mr. President, whether or not our Government stated to China that if China would enter the war we would protect her interests at the Peace Conference?

THE PRESIDENT—We made no promises.

SENATOR JOHNSON of California—No representations of that sort?

THE PRESIDENT—No. She knew that we would do as well as we could. She had every reason to know that.

SENATOR JOHNSON of California—Pardon me, a further question: You did make the attempt to do it, too, did you not?

THE PRESIDENT—Oh, indeed I did, very seriously.

SENATOR JOHNSON of California—And the decision ultimately reached at the Peace Conference was a disappointment to you?

THE PRESIDENT—Yes, sir; I may frankly say that it was.

SENATOR JOHNSON of California—You would have preferred, as I think most of us would, that there had been a different conclusion of the Shantung provision or the Shantung difficulty or controversy at the Paris Peace Conference?

THE PRESIDENT—Yes; I frankly intimated this.

Report of the testimony of Prof. Edward T. Williams, of the University of California, chief adviser on Far Eastern affairs to the American Commission at Paris, given before the Senate Committee on Foreign Relations on August 22, 1919.

SENATOR JOHNSON: Were you called upon at any time to render any advice concerning the Shantung decision?

PROF. WILLIAMS: Not before the Council; but on our own Commission I was asked several times for memoranda on various phases of it.

SENATOR JOHNSON: Did you furnish any memoranda?

PROF. WILLIAMS: I did.

SENATOR JOHNSON: Do you remember substantially what you advised?

PROF. WILLIAMS: Yes.

SENATOR JOHNSON: Please state in your own way your advice on the Shantung question.

PROF. WILLIAMS: My own opinion is that the decision was an unfortunate one; that the leased territory of Kiaochou and the railways and mines in Shantung which had been in possession of Germany ought to have gone automatically to China at the conclusion of the peace; that they were taken by Germany from China by force, by an act of piracy; that the fact that some other power had driven the Germans out of Shantung did not seem to constitute a title to this property, which naturally would revert to the rightful sovereign of the territory. . . . . .

In January, I prepared a memorandum on the whole Shantung question, which was sent to the American Commission, and that was supplemented later by another memorandum on the question of the railways in Shantung. On the 9th of April, I prepared a memorandum calling attention to the fact that in our treaty with China of 1858 we were pledged to China to use our good offices in case any nation acted unjustly toward China. . . . . .

I called attention to that, and suggested that we ought to draw a clause for the peace treaty which would provide for the transfer of the German Shantung rights directly to China. That memoramdum was sent to the American Commission, and the next day I received instructions to draft such a clause and to consult with Dr. James Brown Scott of the American delegation, who was our international law expert.. .....Dr. Scott suggested as an alternative that instead of transfering the German rights directly to China they might be transfered to the five Principal Powers in trust for China. That might be a compromise that would be satisfactory to Japan.....

On the 22nd of April I received a telephone message that the President wanted to see me. I went, and the President said he wanted me to consult with the far Eastern experts of the British and French delegations as to which of two alternatives would be less injurious to China, to transfer to Japan all the rights and privileges formerly enjoyed by Germany in the province of Shantung, or to insist upon the execution of the convention of May 25, 1915, between China and Japan. The President said to me that unfortunately the British and French governments were bound by certain engagements which they had made with Japan to support Japan's claim for the transfer of these rights to herself directly, and that Mr. Lloyd George said they were bound to support only the transfer of the rights enjoyed by Germany, but no others. The President said the war seemed to have been fought to establish the sanctity of treaties, and that while some treaties were unconscionable, at the same time it looked like they would have to be observed.....

I replied: "Well, Mr. President, do you think that a treaty which was extorted from China by force and by a threat of military operations against her ought to have any binding force?" He said: "Well, perhaps the Japanese will not admit it was obtained that way." I suggested that the documents seemed to indicate that treaty was obtained in that way, and he said: "Of course, if the documents show that, then the Japanese would not deny it;" but he asked me to consult the British and French experts about the alternatives he had raised.

I asked if I might suggest another alternative solution, and he said: "Certainly"; and I suggested that we might put a blanket article in the treaty covering all German properties in China, saying that Germany renounced all rights and title to those government properties in China and that they reverted automatically to China, but since the port of Tsingtau and the railways and mines in Shantung Province had been taken from Germany by Japan with the aid of Great Britain, and were now in the possession of Japan, that in so far as those German government properties in Shantung were concerned they would be transferred to China by Japan within one year after the signing of the peace treaty. The President said he had not considered the matter from that angle, and asked me to put it in writing.....

On April 24th the far Eastern expert of the British delegation and the far Eastern expert of the French delegation and myself met and signed a statement which was sent to the Council of Three, President Wilson, Lloyd George and Clemenceau, in which we said that in our opinion it would be less injurious to China to transfer all the rights formerly enjoyed by Germany in the Province of Shantung to Japan than it would be to insist upon the observance of the China-Japan convention of 1915; and I told the British and French experts that I was going to send an independent statement trying to point out that neither alternative ought to be adopted; that we ought neither to insist upon the enforcement of the China-Japan treaty of 1915 nor the transfer of the German rights to Japan.....

At first, Mr. Macleay, of the British delegation, said that he would not be able to do anything on that line, but afterward he changed his mind and he also made a statement that we were not shut in by those two alternatives..... I sent a written statement to President Wilson in which I begged to call attention to that fact. I cannot recall positively the argument that I used, but I think I must have pointed out that the China-Japan convention of 1915 was extorted from China by force..... .....

To return a moment to my interview with President Wilson on April 22nd, I then asked the President if the settlement proposing to transfer the German rights to Japan directly, or to insist upon the execution of the convention of 1915, was not contrary to the fourteen points laid down as a basis of peace. He said that unfortunately he did not see anything in the fourteen points that exactly covered this case. But on looking over the addresses of President Wilson and the statement made by Secretary Lansing to the German Government with regard to the bases of peace, I found this [reading]:

"The unqualified acceptance by the present German Government and by a large majority of the German Reichstag of the terms laid down by the President of the United States of America in his address to Congress of the United States on the 8th of January, 1918, and in his subsequent addresses, justifies the President in making a frank and direct statement of his decision with regard to the communications of the German Government of the 8th and 12th of October, 1918." [The armistice communication].

Now as to subsequent addresses, one was that made on July 4th at Washington's tomb at Mount Vernon, in which the President said:

"No halfway decision is conceivable. These are the ends for which the associated peoples of the world are fighting and which must be conceded them before there can be peace."

Then he mentions, one, "The destruction of any arbitrary power anywhere;" and two, to which I want to call attention.

"The settlement of every question, whether of territory, of sovereignty, or of political relationship, upon the basis of the free acceptance of that settlement by the people immediately concerned and not upon the basis of the material interest or advantage of any other nation or people which may desire a different settlement for the sake of its own exterior influence or mastery."

I think it was in that memorandum to the President that I mentioned this point, and I said that my understanding was that all the powers who entered the agreement for the negotiation of peace after the armistice of November 11, practically accepted the basis of peace as laid down by the American Government, and that no exception, or reservation, had been made then by any of the powers to that point, and therefore it seemed to me that any prior engagement such as the secret treaties between Great Britain and Japan and between France and Japan ought not to be held any longer in force because they really were abrogated by the acceptance of those bases.

SENATOR JOHNSON: Did you state that to the President?

PROF. WILLIAMS: I am not positive whether it was in a memorandum to the President or an argument to the Commission.

SENATOR JOHNSON: Was there any response?

PROF. WILLIAMS: I received only a note from the President's secretary thanking me for the memorandum..... On the 30th of April I was informed that the question had been decided; it had been determined to transfer all the property formerly belonging to Germany and all the rights and privileges belonging to Germany in the Province of Shantung unconditionally to Japan.

SENATOR JOHNSON: Was there any other experts upon Oriental or far Eastern affairs at Paris with you?

PROF. WILLIAMS: Yes. Dr. Stanley K. Hornbeck.

SENATOR JOHNSON: Did his views coincide with yours?

PROF. WILLIAMS: Entirely.

SENATOR JOHNSON: Up to the time of the rendition of the decision you both had protested strongly against such a determination?

PROF. WILLIAMS: Yes: we had objected very strongly to the suggested transfer of the rights and properties to Japan.

SENATOR JOHNSON: What effect in your opinion does the decision have upon China, or our relations with China?

PROF. WILLIAMS: I felt that it would raise a storm of protest in China, and that it tended to strife rather than peace, because I knew or felt sure that the Chinese would not submit to it without considerable protest, and there was a danger of violence. Also, I felt that it was injurious to American interests, although I regard that as of secondary consideration.

SENATOR JOHNSON: Injurious to what?

PROF. WILLIAMS: To our own interest in China, because it would raise a feeling that China had come into the war on the invitation of the United States and had rather looked to the United States to help bring about a just settlement of these troubles, and now in turning over the whole situation to Japan we were injuring our own standing in the Far East.

SENATOR JOHNSON: Are you familiar with the provisions inserted in the peace treaty concerning Shantung?

PROF. WILLIAMS: Yes.

SENATOR JOHNSON: Will you state whether or not in your opinion those provisions give to Japan more in Shantung than either the convention of 1915 or the German lease?

PROF. WILLIAMS: I think they do.

.....

SENATOR BRANDEGEE: As I recall it, the President told the Senate Foreign Relations Committee that he had implicit confidence in the agreement or promise that Japan has given to return to China these rights and concessions that she gets under the treaty?

PROF. WILLIAMS: Yes.

SENATOR BRANDEGEE: Have you stated exactly what that agreement of Japan consists of?

PROF. WILLIAMS: No, I have not.

SENATOR BRANDEGEE: Will you tell us whether it was a verbal statement between the representatives, and which ones, and whether it appears at length in the proces-verbal; whether it is accessible so that the terms can be known?

PROF. WILLIAMS: You mean a promise that Japan made at Paris?

SENATOR BRANDEGEE: Yes.

PROF. WILLIAMS: I do not know whether Japan made anything more than a statement that her agreement of 1915 with China would be carried out, and that to make any further promise in the treaty would be a reflection on her bona fides. Therefore, it is not stated in the treaty.

SENATOR BRANDEGEE: So far as you know, was there any assurance given by any official representative of Japan in Paris, either to the Conference or any member of the American Commission, in addition to what is contained in the treaty?

PROF. WILLIAMS: I only remember one case. Something of the sort may have been said in a meeting of the Council of Four. That I do not know. But I do remember an interview between Viscount Chinda and Secretary Lansing, in which Viscount Chinda said that the China-Japan treaty of 1915 must be carried out exactly, and of course the convention of 1915 has annexed to it an exchange of notes in which Japan agrees on four conditions to transfer the leased territory in Shantung to China.

SENATOR BRANDEGEE: I have seen in the newspapers statements to the effect that representations have very recently been made by Japan or some of its spokesmen to the effect that while Japan will get out, and the terms and conditions of getting out are to be decided by agreement between Japan and China at some time in the future.

PROF. WILLIAMS: Yes.

SENATOR BRANDEGEE: If it is true that Japan has agreed to get out of Shantung only in accordance with such conditions as she may hereafter agree upon with China, does it not leave it practically in the sole power of Japan to get out or to stay there? That is, cannot she refuse to agree with China and continue to stay on the ground that China is unreasonable about the conditions, and that the treaty provides that Japan need not get out until the conditions are agreed on?

PROF. WILLIAMS: Well, the conditions were practically established by the convention of 1915; but China's position is that that treaty is no longer binding on her because after making it she declared war on Germany and abrogated all her treaties with Germany, including the lease of Kiaochou. Therefore, there is nothing to be settled between Japan and and Germany.

SENATOR BRANDEGEE: What relation does the treaty give Japan to economic conditions in Shantung?

PROF. WILLIAMS: It practically gives her control of the economic conditions of Shantung.

FROM the foregoing, it is plain that practically the whole American Commission at Paris, *including President Wilson*, regarded the Shantung provisions of the treaty as being unjust to China and unsatisfactory to the United States. It also is plain that three of the five American plenipotentiaries, and both of the special far Eastern experts attached to the American Commission, felt that it was not necessary to accede to Japan's demands. On that point President Wilson disagreed with his colleagues, as is demonstrated by his action in consenting to the Shantung award. In his testimony before the United States Senate Committee on Foreign Relations at Washington, Secretary Lansing gave his opinion:

SENATOR JOHNSON—Would the Japanese signature to the League of Nations have been obtained if you had not made the Shantung agreement?

SECRETARY LANSING—I think so.

SENATOR JOHNSON—You do?

SECRETARY LANSING—I think so.

SENATOR JOHNSON—So that even though Shantung had not been delivered to Japan, the League of Nations would not have been injured?

SECRETARY LANSING—I do not think so.

SENATOR JOHNSON—And you would have had the same signatories that you have now?

SECRETARY LANSING—Yes, one more—China.

In explaining why, in that instance, he disregarded and overruled his colleagues and the experts, President Wilson has at different times put it on different grounds. He stated on several occasions that being unable to induce the British and French representatives on the Supreme Council to relegate the secret Shantung agreements, he felt compelled, in order to prevent a schism, to consent to Japan's claims. That amounted to yielding the open obligations of the United States in the matter to the secret and invidious obligations of other Powers, a course which, in the opinion of a majority of the American Commissioners, was not necessary. In September, 1919, President Wilson made a tour of the United States to defend the Treaty-Covenant against the criticisms of the Senate. In an address made at St. Louis on September 5, the President said:

Great Britain and other Powers, as everybody knows, in order to make it more certain that Japan would come into the war and so assist to clear the Pacific of the German fleets, had promised that any rights that Germany had in China should, in the case of the victory of the Allies, pass to Japan.

That statement is misleading, and also is quite contrary to the previously known facts. Japan declared war on Germany on August 24, 1914. The secret agreement between Japan and Great Britain regarding Shantung was signed on February 16, 1917, two and one-half years later. The other so-called Shantung secret agreements were signed in February and March, 1917. At that time, Tsingtau had been occupied by Japan for more than two years, and the Pacific had been entirely cleared of the German naval forces. Therefore, whatever may have caused the British, French, Russian and Italian governments to agree that the German leasehold and concessions in Shantung would pass to Japan in the peace terms, it was not done to induce Japan to *enter the war*, although it may have been done to induce Japan to *remain in the war on the side of the Allies*. At this writing, the reasons for those secret agreements relating to China, as well as the real reason on the part of the American Government in making the Lansing-Ishii agreement, remain obscure.

It might be presumed that the Powers that participated in the decisions of the Supreme Council at Paris (the Council of Five) would be anxious to publish to the world the exact nature of the promises that Japan is alleged to have made about restoring Shantung and Kiaochou to China; but, on the contrary, all parties to that proceeding maintained reticence. President Wilson refused this information even to the Senate Committee. What is more astonishing, the information was refused to the Chinese delegation at Paris, putting China in the position of being asked to accept a Treaty, while withholding from her representatives at the Conference information of immense importance relating to the treaty provisions dealing with Chinese territory.

What Did Japan Promise?

BUT the investigations of the American Senate into the treaty brought an official statement from the Japanese Government on this subject, given in a statement issued by Viscount Uchida, Japanese minister for foreign affairs, published in America on

August 6, 1919; which called forth a reply by President Wilson. Those statements follow:

Viscount Uchida's Statement

It appears that, in spite of the official statement which the Japanese Delegation at Paris issued on May 5 last, and which I fully stated in an interview with the representative of the press on May 17, Japan's policy respecting the Shantung question is little understood or appreciated abroad.

It will be remembered that in the ultimatum which the Japanese Government addressed to the German Government on August 15, 1914, they demanded of Germany to deliver, on a date not later than September 15, 1914, to the imperial authorities, without condition of compensation, the entire leased territory of Kiaochou with a view to eventual restoration of the same to China. The terms of that demand have never elicited any protest on the part of China or any other allied or associated Powers.

Following the same line of policy, Japan now claims as one of the essential conditions of peace that the leased territory of Kiaochou should be surrendered to her without condition or compensation. At the same time abiding faithfully by the pledge which she gave to China in 1915, she is quite willing to restore to China the whole territory in question and to enter upon negotiations with the Government at Peking as to the arrangement necessary to give effect to that pledge as soon as possible after the treaty of Versailles shall have been ratified by Japan.

Nor has she any intention to retain or to claim any rights which affect the territorial sovereignty of China in the province of Shantung. The significance of the clause appearing in Baron Makino's statement of May 5, that the policy of Japan is to hand back the Shantung peninsula in full sovereignty to China, retaining only the economic privileges granted to Germany, must be clear to all.

Upon arrangement being arrived at between Japan and China for the restitution of Kiaochou, the Japanese troops at present guarding that territory and the Kiaochou-Tsinanfu Railway will be completely withdrawn.

The Kiaochou-Tsinanfu Railway is intended to be operated as a joint Sino-Japanese enterprise without any discrimination in treatment against the people of any nation.

The Japanese Government have, moreover, under contemplation proposals for the re-establishment in Tsingtao of a general foreign settlement, instead of the exclusive Japanese settlement which by the agreement of 1915 with China they are entitled to claim.

President Wilson's Statement

The Government of the United States has noted with the greatest interest the frank statement made by Viscount Uchida with regard to Japan's future policy respecting Shantung. The statement ought to serve to remove many misunderstandings which had begun to accumulate about this question.

But there are references in the statement to an agreement entered into between Japan and China in 1915 which might be misleading if not commented upon in the light of what occurred in Paris when the clauses of the Treaty affecting Shantung were under discussion. I therefore take the liberty of supplementing Viscount Uchida's statement with the following:

In the conference of the 30th of April last, where this matter was brought to a conclusion among the heads of the principal Allied and Associated powers, the Japanese delegates, Baron Makino and Viscount Chinda, in reply to a question put by myself, declared that:

"The policy of Japan is to hand back the Shantung peninsula in full sovereignty to China, retaining only the economic privileges granted to Germany, and the right to establish a settlement under the usual conditions at Tsingtao.

"The owners of the railway will use special police only to insure security for traffic. They will be used for no other purpose.

"The police forces will be composed of Chinese, and such Japanese instructors as the directors of the railway may select will be appointed by the Chinese Government."

No reference was made to this policy being in any way dependent upon the execution of the agreement of 1915 to which Count Uchida appears to have referred. Indeed, I felt it my duty to say that nothing that I agreed to must be construed as an acquiescene on the part of the Government of the United States in the policy of the notes exchanged between China and Japan in 1915 and 1918, and reference was made in the discussion to the enforcement of the agreements of 1915 and 1918 only in case China failed to cooperate fully in carrying out the policy outlined in the statement of Baron Makino and Viscount Chinda.

I have, of course, no doubt that Viscount Uchida had been apprised of all the particulars of the discussion in Paris, and I am not making this statement with the idea of correcting his, but only to throw a fuller light of clarification upon a situation which ought to be relieved of every shadow of obscurity or misapprehension.

WOODROW WILSON,

Those statements of Vicount Uchida and President Wilson make little clear except that there is a divergence of view between them as to a very important phase of Japan's promise made to the Supreme Council of the Peace Conference. Viscount Uchida bases Japan's eventual restoration of Shantung on the China-Japan agreement of 1915, which was signed by China under ultimatum, and which China denounced and asked to be relieved of at the Peace Conference. President Wilson states plainly that Japan's assurances given to the Supreme Council were not conditional on the 1915 agreement, or upon any agreements, and he further makes it plain that the American Government never has acquiesced in the agreements wrung by Japan from China in 1915 and 1918.

This is a very important point, for, since the signing of the Paris treaty (but not signed by China nor America yet), the Japanese Government in many instances has made it evident that it takes the position that the Shantung question is now one to be settled exclusively between Japan and China, and that the 1915 and 1918 agreements must be the basis of the settlement. So far, the Chinese Government has refused to make this question the subject of separate negotiations with Japan, taking the position that the issue is international in character and should be settled internationally. The disadvantage to China in separate negotiations with Japan is plain, for in that situation Japan will be able to exert the same kind of pressure on China by which she secured the 1915 and 1918 agreements; which means that China would have to accept Japan's solution of the Shantung question.

In his testimony before the United States Senate Committee on Foreign Relations on August 20, 1919, Dr. John C. Ferguson, adviser to the President of China, remarked that Japan could have restored Shantung and Kiaochou to China at any time since the Germans surrendered Tsingtau in the autumn of 1914 without any difficulty whatever, had Japan desired to do so, but Japan's whole course evidently has been designed to create and has actually created a situation by which the restoration of Shantung to China is greatly complicated.

The Lansing-Ishii Agreement

THE hearings of the Foreign Relations Committee of the United States Senate on the Treaty-Covenant brought out for the first time the official American interpretation of the Lansing-Ishii agreement.

Testimony of Hon. Robert Lansing before the Foreign Relations Committee of the U.S. Senate, August 11, 1919.

SENATOR POMERENE: Mr. Secretary, up to the time of the exchange of the notes which embraced the Lansing-Ishii agreement, did the Republic of China have any information concerning that agreement?

SECRETARY LANSING: Not until it was negotiated and the notes were exchanged.

SENATOR POMERENE: As this related to Chinese territory, what reason was there, if any, for not conferring with the diplomatic representatives of China about it?

SECRETARY LANSING: It was merely a matter of declaration of a mutual policy between Japan and the United States in regard to their attitude toward China. It did not directly affect any rights of China, except that the two governments agreed that they would keep their hands off.

SENATOR BRANDEGEE: You said the other day, Mr. Secretary, that your principal object in making this so-called agreement was to get a renewed declaration from Japan in favor of the open-door in China?

SERCETARY LANSING: Yes.

SENATOR POMERENE: When, if at all, did you first learn that the Chinese Government took any exception to the Lansing-Ishii agreement?

SECRETARY LANSING: We had no definite information that China took exception to the Lansing-Ishii agreement. They did make a declaration, which I was going to state later.

SENATOR BRANDEGEE: Mr. Secretary, I suppose you mean that no protest was made by China against the Lansing-Ishii agreement; but my recollection is that the newspaper dis-

patches of that time stated that Chinese sentiment was very much opposed to it. Do you remember that?

SECRETARY LANSING: There was something of the sort, yes, in regard to the Lansing-Ishii agreement. I suggested to Viscount Ishii that it would be well for the two governments to reaffirm the open-door policy, on the ground that reports were being spread as to the purpose of Japan to take advantage of the situation created by the war to extend her influence over China--political influence. Ishii replied that he would like to consider that matter, but that, of course, he felt that Japan had a special interest in China, and that that should be mentioned in any agreement we made; and I replied to him that we, of course, recognized that Japan, on account of her geographical position, had a peculiar interest in China, but that it was not political in nature, and that the danger of a statement of special interest was that it might be so construed, and therefore I objected to making such a statement.

At another interview we discussed the phrase "special interests", which the Japanese Government had been very insistent upon, and which, with the explanation I have made, I was not very strongly opposed to, thinking that the reaffirmation of the open-door policy was the most essential thing that we could have at that time; and we discussed the phrase which appeared in the draft note. "special interest", and I told him then that if he meant "paramount interests" I could not discuss it further; but if he meant special interest based on geographical position I would consider the insertion of it in the note. Then it was, during that same interview that we mentioned "paramount interest", that he made a reference to the Monroe doctrine, and a suggestion that there should be a Monroe doctrine for the Far East.

And I told him that there seemed to be a misconception as to the underlying principle of the Monroe doctrine; that it was not an assertion of primacy or paramount interest by the United States in its relation to other American Republics; that its purpose was to prevent foreign powers from interfering with the separate rights of any nation in this hemisphere, and that the whole aim was to preserve to each Republic the power of self-development. I said further that so far as aiding in this development the United States claimed no special privileges over other countries.

SENATOR BRANDEGEE: Excuse me, Mr. Secretary. Were those oral statements?

SECRETARY LANSING: Oral entirely.

SENATOR BRANDEGEE: No stenographer was present?

SECRETARY LANSING: No.

SENATOR BRANDEGEE: This is from memory?

SECRETARY LANSING: Not at all. It is made from memoranda which I dictated to a stenographer immediately upon the departure of Viscount Ishii.

SENATOR WILLIAMS: That is the usual way of keeping such records?

SECRETARY LANSING: It is the only possible way. I told Viscount Ishii that I felt that the same principle should be applied to China, and that no special privileges, and certainly no paramount interest, in that country should be claimed by any foreign power. While the phrasing of the notes to be exchanged was further considered, the meaning of "special interest" was not again discussed.

SENATOR BRANDEGEE: What did Count Ishii say? Did he apparently coincide with your view, or did me maintain silence?

SECRETARY LANSING: He maintained silence.

.....

SENATOR BORAH: Mr. Secretary, in order to get a connected statement as to the situation, at the time that Ishii appeared here for the purpose of making this agreement, the Twenty-One demands had been made in the early part of the year 1915?

SECRETARY LANSING: Yes.

SENATOR BORAH: The first four groups of those demands had been acceeded to by China in what is known as the China-Japan convention of 1915?

SECRETARY LANSING: Yes.

SENATOR BORAH: Then at the time that Ishii appeared here, that agreement, which followed the Twenty-One demands, had been made known to the world?

SECRETARY LANSING: Yes.

SENATOR BORAH: Now, who suggested the insertion in the agreement that you made with Ishii this proposition of special interest?

SECRETARY LANSING: It was made by Count Ishii.

SENATOR BORAH: You suggested to him that if it meant political control or paramount control, you did not care to discuss it?

SECRETARY LANSING: What did he say in reply to that, which would indicate that he waived that construction?

SECRETARY LANSING: He continued the discussion.

SENATOR BORAH: Continued it along what line?

SECRETARY LANSING: Well, only along the line that he inserted the words "special interest" in his counterdraft of a note and urged that it be included. But he understood exactly what I interpreted the words "special interest" to mean.

SENATOR BORAH: And you understood what he interpreted them to mean?

SECRETARY LANSING: No, I did not.

SENATOR BORAH: He had said that his idea was that Japan had special interests in China which ought to be recognized, and by those special interests he meant paramount control?

SECRETARY LANSING: Yes; and I told him I would not consider it.

SENATOR BORAH: Did he say: "Very well, I adopt that construction of it", or anything of that kind?

SECRETARY LANSING: No, but he continued to introduce the words "special interest"; but he knew that if he did not take my meaning that I would not continue the discussion.

SENATOR BORAH: It is not a fact that before and after he appeared in this country, his government, officially or semi-officially, placed the construction upon those words which Ishii had placed upon them?

SECRETARY LANSING: Before?

SENATOR BORAH: Yes.

SECRETARY LANSING: Not to my knowledge, further than his statement.

SENATOR BORAH: I have dispatch here from the Russian ambassador at Tokio to his home government, made October 22, 1917, in which he said that the Japanese——

SENATOR POMERENE: From what are you reading?

SENATOR BORAH: From a copy of this dispatch published in "Democracy and the Eastern Question".

SECRETARY LANSING: By whom?

SENATOR BORAH: By Mr. Thomas F. Millard. Is there any question about the authenticity of the dispatch?

SECRETARY LANSING: No question, because I do not know anything about it except his publication of it.

SENATOR BORAH: Do you have any doubt about this publication being correct, as to this dispatch?

SECRETARY LANSING:: I have no information on the subject one way or the other.

SECRETARY LANSING: Then you do not desire to have it inferred from your answer that it is false?

SECRETARY LANSING: NO.

SENATOR BORAH: We will read it and see whether time proves it to be true [Reading]:

> "The Japanese are manifesting more and more clearly a tendency to interpret the special position of Japan in China, inter alia, in the sense that other powers must not undertake in China any political steps without previously exchanging views with Japan on the subject—a condition that would to some extent establish a Japanese control over the foreign affairs of China. On the other hand, the Japanese Government does not attach great importance to its recognition of the principle of the open door and the integrity of China, regarding it as merely a repitition of the assurances repeatedly given by it earlier to other powers and implying no new restrictions on Japanese policy in China. It is therefore quite possible that in some future time there may arise in this connection misunderstandings between the United States and Japan. The minister of foreign affairs again confirmed today in conversation with me that in the negotiations by Viscount Ishii the question at issue is not some special concession to Japan in these or other parts of China, but Japan's special position in China as a whole".

That information, I take it, was unknown to you at the time of discussion with Count Ishii?

SECRETARY LANSING: Entirely so. I would call your attention to the fact that the Root-Takahira agreement included an arrangement between Japan and the United States that they would take no steps without consulting each other, and it would have the same effect as this statement made by the Russian ambassador.

SENATOR BORAH: And in another dispatch from the Russian ambassador under date of November 1, 1917, there is another paragraph which I quote. [Reading]:

"To my question whether he did not fear"—

This was the Minister of Foreign Affairs that he was talking to [Reading again]:

> "That in the future misunderstandings might arise from the different interpretations by Japan and the United States of the meaning of the terms "special position" and "special interests" of Japan in China, Viscount Motono replied by saying [a gap in the original]. Nevertheless I gained the impression from the words of the minister that he is conscious of the possibility of misunderstandings also in the future, but is of the opinion of carrying into effect her interpretation rather than that of the United States."

Now, it is a fact that you stated the other day, is it not, Mr. Secretary, that after this Lansing-Ishii agreement was made, Japan placed the construction upon it which Ishii desired to have you place upon it in the first instance?

SECRETARY LANSING: I have no recollection that there is any statement made by the Japanese Government as to the fact which you set forth.

SENATOR BORAH: Have you information that it has been made by the press of Japan?

SECRETARY LANSING: Oh, yes.
SENATOR BORAH: And by publications that are under the control of the Japanese Government?
SECRETARY LANSING: That I do not know.
SENATOR BORAH: Now, these notes between yourself and Count Ishii were published first by Japan, were they not?
SECRETARY LANSING: Yes.
SENATOR BORAH: Was that in accordance with the understanding?
SECRETARY LANSING: I believe not, I believe they came to the knowedge of China before they were made public.
SENATOR BORAH: Japan presented the information of these notes to China?
SECRETARY LANSING: That is my recollection.
SENATOR BORAH: Yes; and the first knowledge that the American ambassador had of the contents of the notes or that they existed came to him from the Japanese Government?
SECRETARY LANSING; That I cannot tell you. Very likely that is so, however.
SENATOR BORAH: There was an agreement as to the date upon which they should be published and made known to the world?
SECRETARY LANSING: The 6th of November, four days after they were signed.
SENATOR BORAH: They were made known to China prior to that?
SECRETARY LANSING: Yes.
SENATOR BORAH: And the information came back here prior to the time it should have been published?
SECRETARY LANSING: I think not. I do not think you could have had it by cable.
SENATOR BORAH: The information came to this country not through the Secretary of State, but by cable from China and Japan..... The Chinese Legation issued a statement in the nature of a protest on November 12, 1917?
SECRETARY LANSING: Not a protest.
SENATOR BORAH: What do you regard it?
SECRETARY LANSING: A declaration, as it was termed.

.....

SENATOR HITCHCOCK: That declaration was in entire accord with the American interpretation of the Lansing-Ishii agreement?
SECRETARY LANSING: Entirely.
SENATOR BRANDEGEE: May I ask you, Mr. Secretary, at the time you and Count Ishii were having your conversations in relation to this subject, and as to what "special interests" meant, did he say anything which would allow you to understand what he meant by the term "special interests"?
SECRETARY LANSING: Nothing further than I have stated.
SENATOR BRANDEGEE: Did he at any time intimate that it meant paramountcy or interest different from that of any other nation, other than from Japan's propinquity to China?
SECRETARY LANSING: My only recollection as to that is that he wished to have inserted the words "special interests and influence", and I objected seriously to the insertion of the words "and influence", and they were stricken out.
SENATOR BRANDEGEE: He have no intimation of what he understood by those terms? He did not attempt to define either "influence" or "special interests"?
SECRETARY LANSING: Nothing further than that, except that the insertion of the words "and influence" in the counter-draft indicated that he understood fully my interpretation of "special interests."
SENATOR BRANDEGEE: "Special interests" could not mean anything else, in your opinion, except—?
SECRETARY LANSING: Political?
SENATOR BRANDEGEE: Except political?
SECRETARY LANSING: That is true.

.....

SENATOR BRANDEGEE: Has the so-called Lansing-Ishii agreement any binding force on this nation?
SECRETARY LANSING: No.
SENATOR BRANDEGEE: It is simply a declaration of your policy, or the policy of this Government, as long as the President and the State Department want to continue that policy?
SECRETARY LANSING: Exactly.

That testimony of Secretary Lansing at least disposes of the efforts of Japanese to distort the Lansing-Ishii agreement into a recognition by the United States (or by President Wilson's Administration) of a sort of paramountcy or special influence of Japan in respect to China. It does not, however, make clear why the American Government did, at that time, find it necessary to make an agreement that is susceptible to ambiguous interpretations.

Secretary Lansing's testimony indicates plainly the purpose of the Japanese Government in making the agreement, and distinctly foreshadowed how the Japanese Government would attempt to interpret it. Mr. Lansing's statement that his object in making a new agreement at that time was merely to secure a reaffirmation by Japan of the open-door principle is unconvincing. It is more logical to assume that his real reasons were analogous to the reasons of the British and French governments in making the secret Shantung agreements in the winter of 1917—to hold Japan in line with the Allies until the danger point of the war was passed.

China And Regional Understandings

IN trying to reconcile the Chinese envoys at Paris to the Shantung award of the treaty, it was argued by defenders of President Wilson's position that by consenting to Japan's demands he at least had accomplished one very beneficial thing for China—the cancellation of the secret agreements regarding Shantung made in February and March, 1917, by which the British, French, Russian and Italian governments agreed to support Japan's claims to obtain the German position there.

It, of course, is plain that by supporting Japan's claims without reservations, the British and French governments (the Italian representative was absent, and Russia was not represented at the conference) were freed from all obligations under the secret Shantung agreements of 1917, by having paid those agreements in full. Presumably therefore, the British and French governments thereafter would be free to take a more liberal attitude toward China, and to join with the United States in sustaining China's territorial integrity and political autonomy.

Any hope that might be placed on this circumstance was partly dashed by circumstantial demonstration at Paris of the existence, or of the predetermination of a new regional understanding or series of agreements covering all Asia between the Japanese, British and French governments. Such information as could be obtained, and the logic of the situation, indicated the territorial scope of this new tri-Power regional understanding as follows:

British sphere: India, Persia, Arabia, Thibet, Burma, Szechuan province (China), Palestine, Asia Minor and the Caucasus, including the oil regions, Western Siam, the Federated Malay States, the Kwangtung (China) region forming the littoral of Canton, and equal commercial rights in the Yangtze valley (China).

French sphere: Yunnan, Kwangsi and Kweichou provinces, and western Kwangtung (China); Indo-China and Tonkin; eastern Siam; and certain rights in Syria.

Japanese sphere: Eastern Siberia, to beyond Lake Baikal; all of China except the regions previously mentioned; Mongolia.

Startling as this idea may seem at first thought, it in fact would mean but a slight departure from the *status quo* as this is constituted by results of the Great War, by the consensus of all the previously existing sovereignties, suzerainties and regional understandings in Asia, and by provisions of the Paris Treaty.

Great Britain long has exercised actual sovereignty in some cases, or some form of "protectorate" in others, over India, Afghanistan, Burma, western Siam, the Federated Malay States, and Arabia; and has had regional understandings extending a British "sphere" over Tibet and southern Persia. By retaining the great province of Szechuan, with its 70,000,000 inhabitants, which joins Tibet on the east a "buffer" is created on that side, while an equal commercial position in the Yangtze valley affords some protection and scope for British economic interests and extension in China. The littoral of Canton, adjoining the leased territory of Kowloon, on the main-land opposite Hongkong, long has been tentatively a British "sphere," and protects Great

Britain's strategical and commercial position based at Hongkong. The only actual addition to the previously existing British "sphere" in Asia would be due to the collapse of Russia, and would bring under British influence the vastly important oil field of the Caucasus and Trans-Caspian and the railways of that region by which the Black Sea and the Mediterraenan can be reached. This arrangement would on the part of Great Britain amount to acceptance of the elimination of Russia as a power in Asia, which is one of the outstanding results of the Great War, and a readjustment to meet the new situation.

Such a new regional understanding would alter but little the actual position of Japan *vis-a-vis* Asia as it has become established by developments of the last fifteen years. The only concession to Japan made by Great Britain and France by such a new agreement would be "recognition" by those Powers as a fait accompli conditions which heretofore have had dubious international status. Japan's paramountcy in Manchuria has been fully, although euphemistically, recognized by Great Britain and France under previous agreements. The Paris Treaty establishes Japan in Shantung, and substantially confirms her in the positions she has usurped in central China and in Fukien province.

The great departure of such an understanding would be recognition of a Japanese sphere in Eastern Siberia, This already had been accepted in prospect by Great Britain and France when, in 1918, they assented to an exclusive Japanese intervention in Siberia, a plan that was blocked by the opposition of the American Government, which turned the intervention into an international move. It is believed that the French foreign office was attracted to a tri-Power regional division of Asia into spheres by the suggestion that by such a plan French pre-war investments in Russia may be made collectable.

I do not want to be understood as asserting that a new tri-Power regional understanding in Asia actually was consummated at Paris. It is practically certain, however, that Japan's envoys at Paris advanced it privately to the British and French governments both before the Shantung decision was made, and after that decision was announced. The Japanese Government foresaw that if the British and French governments wrote off the secret Shantung agreements, that would leave Japan without any powerful support thereafter in distinction with America, and that those Powers might be swung around by America to support a genuine integrity of China and the open-door Policy. Japan therefore took time by the forelock, and set about to secure herself in what she had gained, or hoped to gain at Paris: a disposition which she saw inevitably would collide with American policy and interests.

I do not know how the proposal was received by the British Government, but circumstantial evidence made the American Far Eastern experts in Paris very uncertain as to the real British policy toward China. The Chinese envoys obtained definite confirmation that the French foreign office had the matter of a new understanding with Japan under advisement and was by no means antagonistic to the proposal. Certain contingencies (chiefly the pending proposed alliance whereby the United States will give military support to France in Europe) made it expedient for the French Government to withhold its assent, or to defer publishing a new regional understanding about Asia, until after the United States had acted on the treaty and the alliance.

The China Question, America, and Europe

MANY Americans will find it difficult to comprehend in this connection that the British and French governments might be willing to aline with Japan in eastern Asia. This is equivalent to alining against America, after Japan used methods during the war which can be termed blackmail, without stretching the usual definition of that word, to obtain concessions from her allies in war while giving comparatively little military help, and after the United States rendered substantial and unselfish help in Europe.

To explain this possibility fully would require an examination of conditions and politics embracing the whole corpus of Great Britain's Asiatic policy and Asian dependencies in their relation to the Empire's stability, and its contact with the Imperial policy of Japan. In such a regional understanding with Japan, Great Britain and France would merely be seeking balances and safeguards which, at the present time, they perhaps cannot perceive in any probable policy of the American Government. Great Britain particularly feels at this juncture the absolute need to stabilize Asia, and with America pursuing a vague and actionless policy there, such a stabilization can be procured only by affecting some kind of combination with Japan. To do that, it is thought necessary to yield to certain desires of Japan, and if that requires a sacrifices of British interests in some ways, it must be done, just as Great Britain gave Japan a free hand first in Korea, then in Manchuria, and then in Shantung. Lacking a positive and active American policy in the far East, it is probable that Great Britain and France feel unable to interpose effective checks to Japan in that region and that they may as well accept the inevitable and secure themselves in other directions. This mental attitude of the British Government toward the problem of eastern Asia was quite apparent at Paris conference. It was no secret that M. Pichon, then French minister for foreign affairs, thought that an imperialistic policy is the only way to recoup the position of France in the world.

On May 5 last, Baron Makino, head of the Japanese delegation at the peace conference, gave a statement for publication in which he said that the Anglo-Japanese alliance was not affected by the treaty, or the Covenant of the League, and would continue to hold; and this was confirmed by utterances in the same vein in the British Parliament then and subsequently. There are many indications that the unqualified support given to Japan at Paris by the British and French governments was founded on an understanding for the future, as well as on the secret Shangtung agreements.

Nevertheless, other utterances in Parliament and in the British press show plainly an opposite view of the China question, and deep dissatisfaction with the Shantung decision. On July 21 1919, the question was raised in the House of Commons, when a Member (Lieut-Colonel Murray), interrogating the Government said: "The Premier would be the first to agree that there were clauses in the treaty of peace which none could hope should be permanent in character, Among these were the article dealing with Shantung." Col. Murray said, further: "I think it right that it should be placed on record that opinion in this House, and, as I understand it, in this country, is by no means unanimous in this respect to the provisions of the peace treaty relating to Kiaochou." In replying, Lord Robert Cecil said: "I am perfectly sure the provisions in regard to Shantung ought to be reviewed at an early date." There is no doubt that the general opinion of British residents in China is against the Shantung award made at Paris.* But it is possible for this sentiment to be overridden by governmental policies based on wider imperialistic exigencies.

As a result of the United States Senate's inquiries into the character of the Treaty of Versailles, the American Congress put on record its strong dis-

*Note—*See Appendix.*

approval of the Shantung clauses. On August 23, 1919, the Senate Committee on Foreign Relations reported an amendment to the Treaty completely reversing the Shantung clauses, by inserting the word "China" for "Japan" in the articles. This amendment however was altered later by the Senate into a reservation, in the following terms :

The United States withholds its assent to Articles 156, 157, and 158, and reserves full liberty of action with respect to any controversy which may arise under said articles between the Republic of China and the Empire of Japan.

As a result of further discussion, the reservation, was changed by omitting the last phrase, as follows :

The United States withholds its assent to Articles 156, 157, and 158, and reserves full liberty of action with respect to any controversy which may arise under said articles,

In that form, the reservation was passed by the Senate.

Because of the omission of the phrase "between the Republic of China and the Empire of Japan," an effort has been made in some quarters, notably in the Japanese press, to interpret the change in the reservation as weakening it and as depriving it of effective force. Quite the contrary is true. The reservation as finally passed as its opinion on the question is more comprehensive, and therefore more forcible, than the more verbose form first passed by the Senate. By ommitting the words "Between the Republic of China and the Empire of Japan," the United States removes the restriction which that phrase imposes, and declares itself to have "full liberty of action with respect to ANY controversy which may arise under said articles." Whereas the first reservation limited action to controversies between China and Japan about the Shantung articles, the reservation finally adopted extends the scope of the reservation to any and all controversies between China and any nations.

The comments of the American press in the course of discussion of the Shantung question at Paris, and in Congress, indicated plainly an overwhelming popular sentiment in America in favor of China's contentions in the matter.

Effects of Shantung Decision in Asia

THE cumulative effect of results of the peace conference upon the political pschology of the Asiatic world is unfortunate and ominous. In discussing the Shantung decision a few days after it was made with a member of the Japanese delegation at Paris, I said : "You probably are feeling jubilant over your diplomatic success; but time may show that your victory here really means the ultimate ruin of Japan."

What I meant is that this prestige may convince the ruling statesmen of Japan that the old methods in world politics, far from being relegated by the Great War, still are the only means for success in international affairs, and therefore the better policy for Japan is to continue the course that has brought her all the power she ever has had. Her success at Paris, after the dubious and selfish course she pursued during the war, will tend to justify the Machavellian method of diplomacy, and to strengthen the military party in Japan and confirm it in its advocacy of a forward imperialistic policy. I believe that such a policy will lead Japan, as it did Germany, to untimate and ruinous defeat. But it may be that Japan, like Germany, has gone too far along that road to be able to turn back short of colliding with some opposing force. Therein lies a danger which the United States and other democratic nations should face squarely.

Chinese sensibilities are stirred by the Shantung award of the peace treaty just as the sensibilities of Belgians would have been outraged had Antwerp been awarded to Germany, or even to an Ally, and the Belgians had been told that any injustice to Belgium therefrom would be rectified by a league of nations. Already the symptoms of a powerful revulsion against the treaty, and against the nations and peoples that made and will enforce the treaty, and are manifested not only in China, but also in India, Egypt, and other Oriental nationalities. It is conceivable that an outgrowth of this disappointment and disillusionment may be a recrudescence of outright anti-foreignism in Asia.

In respect to the United States, this possibility has, in addition to reactions from a continent-wide revulsion of Asiatics against the political standards and institutions of the West (a movement that will include three-fifths of all humanity), and the almost inevitable tendency of that reaction toward militarism and possibly monarchism also, a more imminent danger of a collision with Japan. The distinct divergence of interpretation of the American and Japanese governments in regard to their China policies revealed the course of events and by the testimony of President Wilson and Secretary of State Lansing, and the equally serious irritations of these two governments relating to Siberia, show beyond any doubt that the American and Japanese theses of world politics are almost diametrically opposed. One or the other must give way. In this clash, taken in conjunction with the whole series of regional understandings concerning Asia and China founded on the "sphere of influential" thesis, contradicting the Hay Doctrine and the open-door principle, and which more and more tend to exclude and circumscribe American political influence and commercial development in eastern Asia, we have in being and plainly charted most of the conditions that are provocative of modern wars.

A GOOD deal is said about the desirability and the necessity, in order to keep the peace of the world, of a complete sympathetic and even a military entente between Great Britain, France and the United States. I am in sympathy with the thought and purpose that lie back of this idea; but I am convinced that such an entente, if it should be outwardly patched up now, cannot endure for more than a few years if it leaves the way open for a divergence of those Powers in Europe, and the United States, over the Asiatic question. The situation left in eastern Asia by the Paris treaty if even tentatively supported by some alinement or regional understandings of France and Great Britain with Japan, or by a renewal of the Anglo-Japanese Alliance, will inject a strong element of suspicion and distrust into the relation of the United States with Great Britain and France. Political cynics would begin to think that those Powers were pursuing the old policy of arranging combinations that will subject their chief rival for world power and influence to the process of being weakened by war and adverse psycological reactions.

The situation left in the Far East by the peace conference amounts to tying up a war in a well camouflaged package and leaving it on America's doorstep. Circumstances brought America into the Great War as the last line of resistance of imperial military power. If a war comes out of the issues now drawn between Japan and China, America will discover that she lies directly in the first line of resistance to predatory imperialism.

Appendix A.

The following letter outlining Japan's plans for "double-crossing" China and the rest of the world regarding Tsingtao and Shantung, was sent to the American Minister at Peking and to American Commercial organizations at home on December 16, 1918.

The American Chamber of Commerce of China, several members of which organization have interests in Tsingtao, have the honor to draw your urgent attention to the terms on which the Japanese Government has declared its readiness to restore the Leased Territory of Kiaochow to China and to what in our opinion would be their inevitable consequence to American interests in North China.

You will recall that the Note relative to the Leased Territory presented by the Japanese Minister to the Chinese Government in the autumn of 1917 stated—we quote the translation published by the "Japan Chronicle" on November 8, 1917—that:

"When after the termination of the present war, the leased territory of Kiaochow Bay is completely left to the free disposal of Japan, the Japanese Government will restore the said leased territory to China under the following conditions:—

1. The whole of Kiaochow Bay to be opened as a commercial port.
2. A concession under the exclusive jurisdiction of Japan to be established at a place to be designated by the Japanese Government.
3. If the foreign powers desire it, an international concession may be established.
4. As regards the disposal to be made of the buildings and properties of Germany and the conditions and procedures relating thereto, the Japanese Government and the Chinese Government shall arrange the matter by mutual agreement before the restoration."

We submit that in view of actual developments there these terms would amount in reality to the absolute control of Tsingtao and its hinterland by the Japanese and would in effect be equivalent, from a business point of view, to outright annexation of the Port and to virtual annexation of the Province by the Japanese Government. For the concession which the Japanese intend to demand is that part of Tsingtao in which the commerce of the Port is inevitably centered, namely the districts surrounding the harbor, the Custom House, and the proposed new railway goods-station, the part of the town left for an international concession would be the present residential district and this could be rendered valueless from the point of view of revenue by such "disposal" as is provided in clause 4 of the terms quoted above, which would even include the Public Slaughter House and the Electricity Station.

The evidence for this view of Japanese intention is unmistakable and patent. It meets the eye in business houses, banks, schools and tea-houses and private residences, all outcome of an adroitly conceived and rapidly executed building program designed entirely to occupy and effectively to enrich the district essential to trade and commerce. What Japanese control of wharves, railways and Custom House would mean has, we submit, been amply illustrated in Dalny and Manchuria, where there are practically no prospects whatever of American or other "foreign" participation in business which should be opened to all.

Accordingly we urge, that, if non-Japanese subjects are to have equal opportunities with the Japanese for business in Tsingtao and the Province of Shantung as a whole, the whole port should be either internationalized or restored to the Chinese Government and further that in either case, if the Japanese be given the choice of location for their concession all wharves, railways and Custom House should be kept from their control.

We urge this not only on behalf of American interests in Tsingtao, but on behalf of those of Shanghai and Tientsin, the export and import trade of which would be seriously handicapped were control of this port and of the Shantung Railway and its proposed extensions to be vested in Japanese hands, to be made the hinge of an Open Door for Japanese only.

In view of the recent developments in America and the probability of an almost immediate discussion of the Far Eastern situation as a whole we feel sure that you will appreciate the urgency of this memorandum.

As to the preference of the Chamber in reference to the future disposition of this former-German leased property, we are in favor of making it a real international settlement with all harbor facilities and water-front privileges under the absolute control of an international commission. As soon as our special committee can make further investigation of this matter of international control, we shall take pleasure in sending to you copies of our memoranda and recommendations.

As you are doubtless aware detailed information corroborating and illustrating our views is already in the possession of the American Government, but should you require further or specific particulars, we shall be ready to supply them.

Very truly yours

American Chamber of Commerce of China
BY J. HAROLD DOLLAR
President.

Appendix B.

The Future of Tsingtau

Report of British Chamber of Commerce

(From the North-China Daily News, Shanghai, of June 21, 1920)

The following memorandum on the future of Tsingtao which was drawn up by the British Chamber of Commerce in that port and with the general principles of which the Associated British Chambers of Commerce in China and Hongkong are in agreement, was recently forwarded to H. M. Minister by the Association.

Memorandum

The Tsingtao question has now entered on a phase when some kind of solution must soon be arrived at. The Chinese must choose between negotiating directly with Japan or submitting the whole question to the League of Nations. In the former event the interests of foreign Powers would probably be entirely ignored, but in the latter event the League of Nations would probably take into consideration the vested interests acquired by England and other nations in the course of nineteen years trading under treaty conditions at Tsingtao. That is to say any solution arrived at would be international in character. Believing that the time is becoming ripe for such a solution the British Chamber of Commerce at Tsingtao have deemed it advisable to place upon record what in their opinion would constitute a fair settlement of the Tsingtao question, namely, a settlement which would preserve intact the sovereign rights of China and at the same time allow every nation to live and trade at Tsingtao on a footing of equality.

Japan's Primal Pledge

I. Japan undertook the reduction of Tsingtao on the express promise that she would return Tsingtao to China. In consequence of that promise China allowed a free passage to the Japanese army, the Powers gave Japan a free hand and she was assisted by British troops. Legally as well as morally, therefore, England and the other Powers have the right to insist a reasonable interpretation be given to this promise. That is to say the Powers demand that this promise must not be merely fulfilled on paper and completely nullified in practice.

The First Essential

II. If Tsingtao is to be returned to the sovereignty of China the very first step is to place the harbour and harbour lights, the docks and wharves and the collection of duties under the control of China, If this is not done the promise is absolutely meaningless It follows that, in view of the vested trading interests referred to above, Tsingtao must be placed on the same footing as other ports in China. The organ for the control of harbour, docks, wharves and collection of customs duties must be the Maritime Customs, and the Maritime Customs must be simply an ordinary branch of the Chinese Customs service. The appointment of the staff must be left to the unfettered discretion of the Inspector General in Peking and if that discretion is exercised in a manner detrimental to the interests of any nation diplomatic representations in Peking afford a remedy.

International Control

III. If the Leased Territory is returned to the sovereignty of China the present military administration would *ipso facto* be abolished and the question then arises what form of administration is to take its place. There are various alternatives which may be discussed and considered but the only solution which British interests in China regard as satisfactory and fair to all concerned is the establishment of a municipality with elected councillors and a permanent staff such as exists at Shanghai and other ports with, however, this important addition that unlike Shanghai Chinese residents in Tsingtao, equally with those of other nationalities, shall have the right to vote and sit on the Council. The law administered should be the law of China limited only by the safeguards of extraterritoriality so long as such safeguards are maintained in the rest of China.

The Railway

IV. The railway is a difficult problem capable of several solutions. It is obvious, however, that it is utterly incompatible with China's sovereignty that the railway should be practically foreign territory, garrisoned by foreign troops and guarded by foreign military police, and that the railway should control the Tsingtao docks and wharf office. The very least that should be demanded is that the docks and wharf office be placed under the control of the Chinese Maritime Customs at Tsingtao, that the foreign troops should be entirely withdrawn and a Chinese police force take the place of the military police, and that, if the railway itself is to be treated as a foreign concession, it should be managed as an economic concession pure and simple. It is suggested, however, that the question of the management and control of the Shantung Railway should not be dealt with as an isolated problem but that it should be settled in conjunction with all other railways in China as part of a comprehensive scheme of unification of railways.

The Transfer of Sovereignty

V. Assuming that the Tsingtao question is settled on an international basis as outlined above the only feasible method of settlement would supervise the transfer of sovereignty from Japan to China and have authority to settle the numerous questions of detail which would arise. Such a Commission might be appointed by the League of Nations and might contain representives of China, Japan, England, America, and France. Many very important questions could be left to the unfettered decision of this Commission. For example when handing ever control of the harbour etc. to the Chinese Maritime Customs it might be found desirable to stipulate that the present free port area be maintained as a free port, and in deciding the fate of the railway it would certainly be desirable to ensure a continuance of the freedom from vexatious inland taxation which was secured by Germany. With regard to the Municipal Administration of Tsingtao, the Commission, besides settling the composition and organization of the Council and its permanent staff, would be faced with the difficulty that ordinary Municipal taxation would be insufficient for the proper upkeep of the town. They would have to arrange for a permanent contribution of 20 percent of the Customs revenue as arranged in the agreement with Germany in 1905. They would also have to insist that the fiscal lands should be treated as a source of municipal revenue as was the case before the advent of the Japanese military administration. Any further alienation of those lands or any attempt to convert the 10 years' leases granted by the Military Administration into freeholds should be prevented.

Special Interests Equal

It is probable that the Commission in the course of its labours will be met by a demand from China for a fuller recognition of her sovereignty than is accorded to her at other places where she comes into contact with foreigners and a demand from Japan for special consideration of the interests which she has built up since 1914. There is no reason why both these demands should not be met in a sympathetic spirit, provided only that the only object which British merchants have in view—equality of opportunity—is not placed in jeopardy.

VI. To sum up, the policy which is advocated by the British Chamber of Commerce at Tsingtao is that Tsingtao should be returned by Japan to China and that an international Commission be appointed by the League of Nations to safeguard the sovereignty of China and the vested trading interests which should be settled by the Commission are:—

1.—The Customs should be an ordinary branch of the Chinese Maritime Customs and the staff should be appointed irrespective of nationality by the Inspector General of Customs in Peking.

2.—The Customs should control the harbour, harbour lights, wharves, docks and wharf godowns.

3.—The leased territory should be administered by a Municipal Council elected on property franchise in respect of which every nationality should be on a footing of equality.

4.—All public utilities such as slaughter house, water works, etc., should be handed over to the municipality.

5.—A contribution of 20 percent of the Customs Revenue should be paid to the municipality to facilitate upkeep of the territory as heretofore.

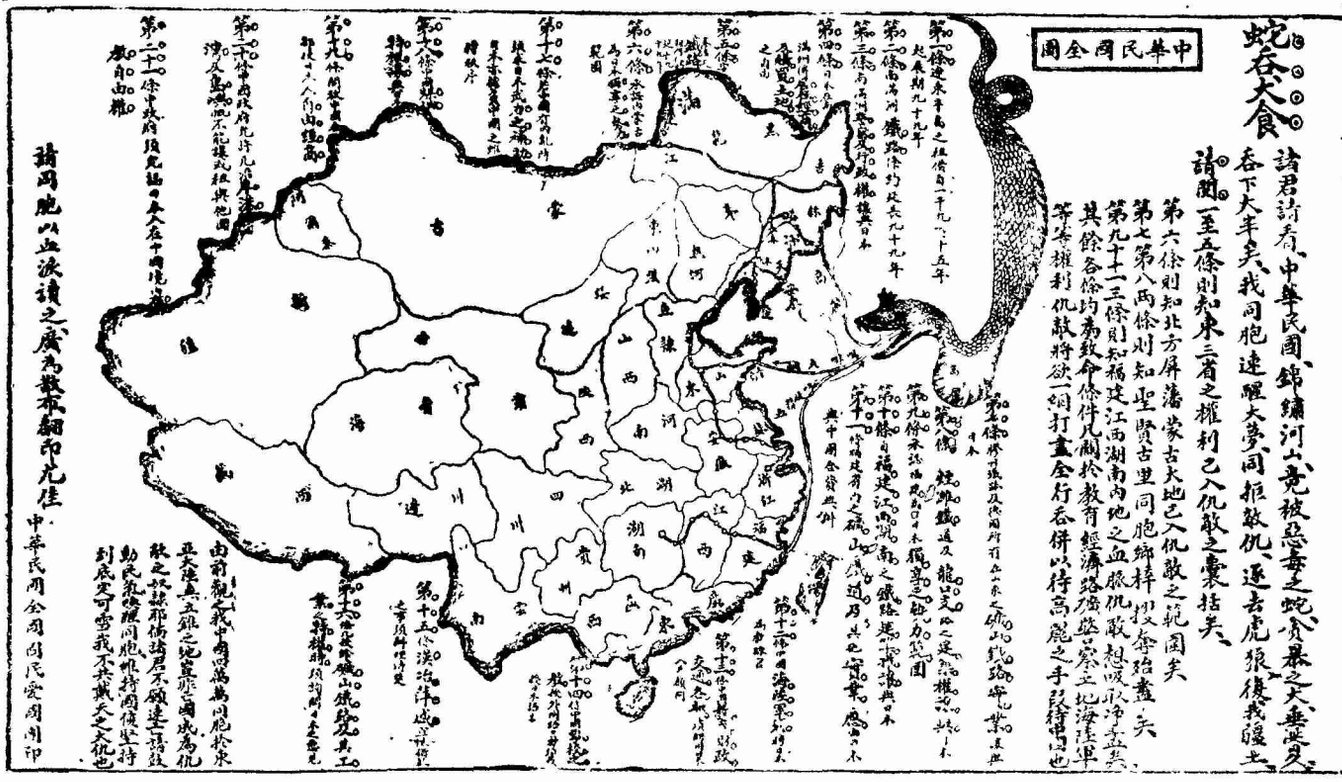
6.—Revenue from fiscal lands should be appropriated by the Municipality and no further alienation, etc, of these lands permitted.

7.—The railway should be managed on an economic and not a political basis and if possible, its ultimate disposition should be fitted into a general scheme of unification of railways.

8.—The railway should be perpetually free of likin and other inland taxation.

9.—The free port area should be maintained.

An Interesting Chinese Boycott Cartoon



The foregoing cartoon prepared by a Chinese artist received wide circulation in the boycott campaign of 1919-20 against the consumption of Japanese goods in China. In many places the walls of buildings and cities were literally covered with the posters. The textual matter is a copy of the Japanese "Twenty-One Demands" upon China of 1915. The serpent represents Japan in the act of swallowing China. The swelling in the belly of the serpent represents Formosa, the enlargement in the throat is Korea, while the three lines running from the mouth lead to Manchuria, Shantung and Fukien Provinces, the three districts where Japan claims special "spheres" owing to "territorial propinquity."

CHINA!

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